

Personalized Financial Plan

For

John and Mary Sample

March 15, 2005

Prepared by

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This presentation provides a general overview of some aspects of your personal financial position. It is designed to provide educational and / or general information and is not intended to provide specific legal, accounting, investment, tax or other professional advice. For specific advice on these aspects of your overall financial plan, consult with your professional advisors. Asset or portfolio earnings and / or returns shown, or used in the presentation, are not intended to predict nor guarantee the actual results of any investment products or particular investment style.

IMPORTANT: The illustrations, projections or other information in this report regarding the likelihood of various investment outcomes are hypothetical in nature, and do not reflect actual investment results and are not guarantees of future results. Additionally, it is important to note that information in this report is based upon financial figures input on the date above; results provided may vary with subsequent uses and over time.

Information About Your Personalized Financial Plan

We appreciate that you have questions and concerns as you work to attain and preserve financial security. Today's financial environment is complex and in many regards, uncertain. The decisions you make regarding work, spending, investment, and retirement, both now and in the future, will significantly affect your financial condition over the long term.

In an effort to aid you in learning, understanding, and formulating a personal basis for decision making, this 'Personalized Financial Plan' is offered to help enhance your knowledge of various topics and communicate some of the intricacies of the financial world. The plan represents a framework to clarify and structure your financial matters.

This plan is based upon confidential information you provided regarding your present resources and objectives. While illustrations within this plan can be a valuable aid in the examination of your finances, it does not represent the culmination of your planning efforts. Financial planning is an ongoing process.

This hypothetical illustration of mathematical principals is custom made to model some potential situations and transitions you may face in your financial future. Hypothetical assumptions used in this illustration are specifically chosen to communicate and demonstrate your current financial position and highlight for discussion with your advisor the complex future interacting effects of combined incomes, expenses, savings, asset growth, taxes, retirement benefits, and insurance.

This document is not an advertisement or solicitation for any specific investment, investment strategy, or service. No recommendations or projections of specific investments or investment strategies are made or implied. Any illustrations of asset growth contained herein are strictly used to demonstrate mathematical concepts and relationships while presenting a balanced and complete picture of certain financial principles. Growth assumptions are applied to generalized accounts based upon differing tax treatment. Illustrations, charts and tables do not predict or project actual future investment performance, or imply that any past performance will recur.

This plan does not provide tax or legal advice, but may illustrate some tax rules or effects and mention potential legal options for educational purposes. Information contained herein is not a substitute for consultation with a competent legal professional or tax advisor and should only be used in conjunction with his or her advice.

The results shown in this illustration are not guarantees of, or projections of future performance. Results shown are for illustrative purposes only. This presentation contains forward-looking statements and there can be no guarantees that the views and opinions expressed will come to pass. Historical data shown represents past performance and does not imply or guarantee comparable future results. Information and statistical data contained herein have been obtained from sources believed to be reliable but in no way are guaranteed as to accuracy or completeness.

On page 3, Assumptions, is information provided by you and used throughout the presentation. Please review the information for accuracy and notify your Financial Advisor promptly if discrepancies in the assumptions are present; discrepancies may materially alter the presentation.

Your actual future investment returns, tax levels and inflation are unknown. This illustration uses representative assumptions in a financial planning calculation model to generate a report for education and discussion purposes. Do not rely upon the results of this report to predict actual future investment performance, market conditions, tax effects or inflation rates.

Summary

This report uses financial models to present a picture of your current financial situation and illustrations of possible directions your finances may take. Future economic and market conditions are unknown, and will change. The assumptions used are representative of economic and market conditions that could occur, and are designed to promote a discussion of appropriate actions that may need to be taken, now or in the future, to help you manage and maintain your financial situation under changeable conditions.

Your Current Situation:

- You have assets of approximately \$433,000
- You have liabilities of approximately \$140,000
- Your net worth is approximately \$293,000
- You now have \$183,000 in working assets and are adding \$16,000 per year.

Your Goals:

- John wants to retire at age 62 and Mary wants to retire at age 60.
- Monthly after-tax income needed at that time is \$5,000 (in today's dollars).
- You will need the income until the last life expectancy of age 89.
- To meet your education goals you need to save \$11,962 annually (\$997 monthly).

Planning Details:

- Asset Allocation: Type of Investor - Somewhat Aggressive
- Long-term care assets at risk - \$781,738
- Net Estimated Life Insurance Needs Shortage for John: \$462,000
- Net Estimated Life Insurance Needs Shortage for Mary: \$181,000
- John and Mary do not have wills.
- John and Mary do not have Durable General Powers of Attorney.
- John and Mary do not have Living Wills.
- John and Mary do not have Healthcare Powers of Attorney.

Retirement Analysis

Using the information you provided, calculations have been made to estimate whether your current retirement program will meet your stated retirement goals. The analysis begins now and extends through life expectancy. It includes tax advantaged, taxable investments, defined benefit pensions, if applicable, and Social Security benefits. The analysis calculates growth and depletion of capital assets over time. This analysis is the basis for the following summarized statement.

Actions:

It appears you may run out of money before the last life expectancy age of 89. The range of possible options you might consider to improve your situation include the following:

- Increase the rate of return on your investments.
- Increase your annual savings by \$3,200/year (\$267/month).
- Reduce your retirement spending needs by \$3,300 to \$56,700/year (\$4,725/month).
- Defer your retirement by about 1 year.
- Combine any of the above and lower the requirements for each.

This report is for informational and educational purposes only. The information and assumptions used are estimates. The resulting calculations are designed to help illustrate financial concepts and general trends.

Assumptions

Client Information:	3/15/05	Asset Allocation:	Current	Suggested
Names : John and Mary Sample		Cash & Reserves	13.10%	5.00%
First Name 1 John		Income	24.00%	0.00%
First Name 2 Mary		Income & Growth	62.80%	15.00%
Birthdate / Age 1 48		Growth	0.00%	40.00%
Birthdate / Age 2 46		Aggressive Growth	0.00%	40.00%
Retirement Age 1 62		Other	0.00%	0.00%
Retirement Age 2 60				
Life Expectancy 1 85		Rate Assumptions (Before & After Retirement):		
Life Expectancy 2 89		Taxable Returns	9.00%	8.00%
Alternate life exp. 1		Tax-Deferred & Roth Returns	9.00%	8.00%
Alternate life exp. 2		Tax-Free Returns	5.00%	5.00%
Risk Tolerance level Somewhat Aggressive		Return on Annuities	7.00%	7.00%
Life Insurance 1		Effective Tax Rates	25.00%	20.00%
Life Insurance 2		Cost Basis for Taxable Assets		100.00%
Term Insurance 1 \$300,000		Cost Basis for Annuity Assets		100.00%
Term Insurance 2 \$100,000		Additions Increase Rate: Taxable		3.00%
Insurance cash value 1		Additions Increase Rate: Tax-Def 1		3.00%
Insurance cash value 2		Additions Increase Rate: Tax-Def 2		3.00%
Pension & Social Security Data (Annual):		Other Incomes After-tax :		
Pension-Indv. 1 \$0		Item Start Inc. Number Amount		
Pension start age 0		Description Year Rate of years per year		
Pension rate (pre ret.) 0.00%				
Pension rate (ret.) 0.00%				
Pension survivor % 0%				
Pension-Indv. 2 \$7,200				
Pension start age 60				
Pension rate (pre ret.) 0.00%				
Pension rate (ret.) 2.00%				
Pension survivor % 50%				
Soc Sec 1 Start age 62				
Soc Sec 1 Rate 2.00%				
Earned income 1 \$90,000				
Soc Sec 1 Amt. (if known)				
Soc Sec 2 Start age 62				
Soc Sec 2 Rate 2.00%				
Earned income 2 \$30,000				
Soc Sec 2 Amt. (if known)				
Estimated Education Costs		Other Expenses After-tax :		
Total cost at 6% inf. \$176,820		European vacation 2014 3.00% 1 (\$20,000)		
Expenses & Inflation (Annual After-tax):				
Expenses, (pre ret.) \$70,000				
Expenses, Survivor (pre ret.) \$60,000				
Expenses at Retirement \$60,000				
Expenses, Survivor (ret.) \$50,000				
Inflation, (pre ret.) 3.00%				
Inflation, Survivor(pre ret.) 3.00%				
Inflation at Retirement 3.00%				
Inflation, Survivor (ret.) 3.00%				

Note: These assumptions are based upon information provided by you, combined with representative forward looking values intended to provide a reasonable financial plan illustration for education and discussion purposes. The investment returns, tax rates, benefit increase rates, inflation rates, and future expense values used in this report were selected based on your age, assets, income, goals and other information you provided. These assumptions do not presuppose or analyze any particular investments or investment strategy, or represent a guarantee of future results.

Net Worth Statement

John and Mary Sample

March 15, 2005

ASSETS

Savings and Investments

Money Market Accounts/Funds	\$20,000	
Annuities	30,000	
Municipal Bonds and Funds	10,000	
Stock Mutual Funds	5,000	
		\$65,000

Retirement Accounts

Qualified Plans-John	\$100,000	
IRA Assets-Mary	14,000	
Roth IRA Assets-John	2,000	
Roth IRA Assets-Mary	2,000	
		\$118,000

Other Assets

Residence	\$200,000	
Personal property	20,000	
Auto	30,000	
		\$250,000

TOTAL ASSETS		\$433,000
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LIABILITIES

Residence mortgage	\$120,000	
Auto Loans	15,000	
Credit Cards	5,000	
		\$140,000

NET WORTH (Assets less Liabilities)		\$293,000
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Note: Potential taxes due on unrealized gains or assets in tax-deferred retirement plans are not accounted for in this Net Worth Statement.

Asset Worksheet

Description	Current Amount	Annual Additions*	Addition Period	Asset Class	Account Taxation	Asset Type
Cash	20,000			Cash/Res.	Taxable (J)	Money market
Municipal Bond Fund	10,000			Income	Tax-Free Asset (J)	Muni bonds & funds
Stock Mutual Funds	5,000	3,000	2005-2018	Inc/Growth	Taxable (J)	Mutual funds (stock)
IRA	14,000			Income	IRA (2)	Stocks
401k	20,000	1,000	2005-2018	Income	Tax-Deferred (1)	Bond mutual funds
401k	80,000	8,000	2005-2018	Inc/Growth	Tax-Deferred (1)	Mutual funds (stock)
Annuity	30,000			Inc/Growth	Annuity (1)	Annuities
Roth IRA	2,000	2,000	2005-2018	Cash/Res.	Roth IRA (1)	Money market
Roth IRA	2,000	2,000	2005-2018	Cash/Res.	Roth IRA (2)	Money market
Totals:	\$183,000	\$16,000				

*Annual IRA addition amounts used in the analysis are limited to the maximums allowed by law.

Sample: For Display Only.
Do Not Attempt to Use

Asset Allocation

Developing An Asset Allocation

Asset allocation refers to maintaining your investments in strategic asset classes, such as Cash, Fixed Income, and Equities, in an advantageous manner over time to ensure adequate diversification. It is important to the success of your planning that your asset allocation be consistent with your goals.

[Here is a summary of your current asset allocation.](#)

<u>Personal Investments</u>	Current Balances	Cash & Equivalents	Income Assets	Growth Assets	Other Assets*
Money Market Accounts	\$20,000	\$20,000			
Annuities	30,000			30,000	
Municipal Bonds & Funds	10,000		10,000		
Stock Mutual Funds	5,000			5,000	
	\$65,000	\$20,000	\$10,000	\$35,000	
Retirement Plans					
Qualified Plans-John	\$100,000		\$20,000	\$80,000	
IRA Assets-Mary	14,000		14,000		
Roth IRA Assets-John	2,000	2,000			
Roth IRA Assets-Mary	2,000	2,000			
	\$118,000	\$4,000	\$34,000	\$80,000	
Total Investment Assets	\$183,000	\$24,000	\$44,000	\$115,000	

13% 24% 63%

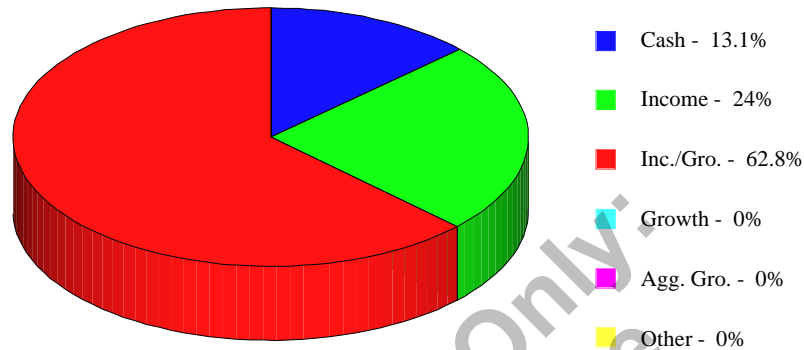
Current Asset Allocation

* Other assets are not included in the Current Asset Allocation.

Your Current Asset Allocation

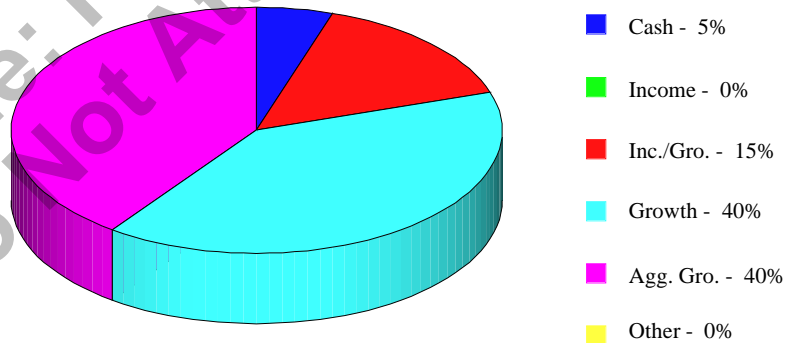
The information from the previous page was used to create the following chart.

It is important to the success of your planning that your asset allocation is consistent with your goals. You should compare your current allocation to the Suggested Asset Allocation below which may be more appropriate and beneficial to your situation.



Suggested Asset Allocation (Growth)

Based upon the information you provided, we believe you should consider a growth-oriented investment mix. This allocation has averaged an approximate 10% historical annual return. We have illustrated a broad-based allocation. Effectiveness could be further increased by a blend of large, small, and international stocks within the Equities category. See your Financial Advisor for further analysis.



	Asset Allocation				Change
	Current		Suggested *		
Cash & Reserves	\$24,000	13%	\$9,150 **	5%	(\$14,850)
Income	44,000	24%	0	0%	(44,000)
Income & Growth	115,000	63%	27,450	15%	(87,550)
Growth	0	0%	73,200	40%	73,200
Aggressive Growth	0	0%	73,200	40%	73,200
Other	0	0%	0	0%	0
Total	\$183,000	100%	\$183,000	100%	\$0

* These suggested asset allocation percentages are representative portfolio target values.

** Does not include any provision for an Emergency Fund.

Note: Asset Allocation does not guarantee a profit or protect against loss in declining markets.

Retirement Profile

Developing A Retirement Plan

Developing a retirement plan means understanding your current situation, deciding among alternatives, and taking appropriate action today. *This report will help you define your current retirement goals, identify your current planning, and estimate the results for your review.*

Your Current Retirement Goals

	<u>John</u>	<u>Mary</u>
Age:	48	46
Retirement Age:	62	60
Years until Retirement:	14	14
Years of Retirement:	23	29
Annual Retirement Spending (After-tax):	\$60,000	<i>(expressed in today's dollars)</i>

Additional Objectives Please see the attached Education Funding Illustration.

Other Expenses:

European vacation : (\$20,000)/year starting 2014, increase rate of 3.00%, for 1 year.

Assumptions

	<u>Pre-Retirement</u>	<u>Retirement</u>
Inflation Rate:	3.0%	3.0%
Income Tax Rate (Average):	25.0%	20.0%
Return on Investments (Average):	8.5%	7.7%

Current residence(s) will be maintained. Related debt will be paid per existing mortgage(s).

Resources Available for Retirement

Funds to meet your goals can come from several sources: Personal Investments, Retirement Plans, Defined Benefit Pensions, Social Security, and Other Income.

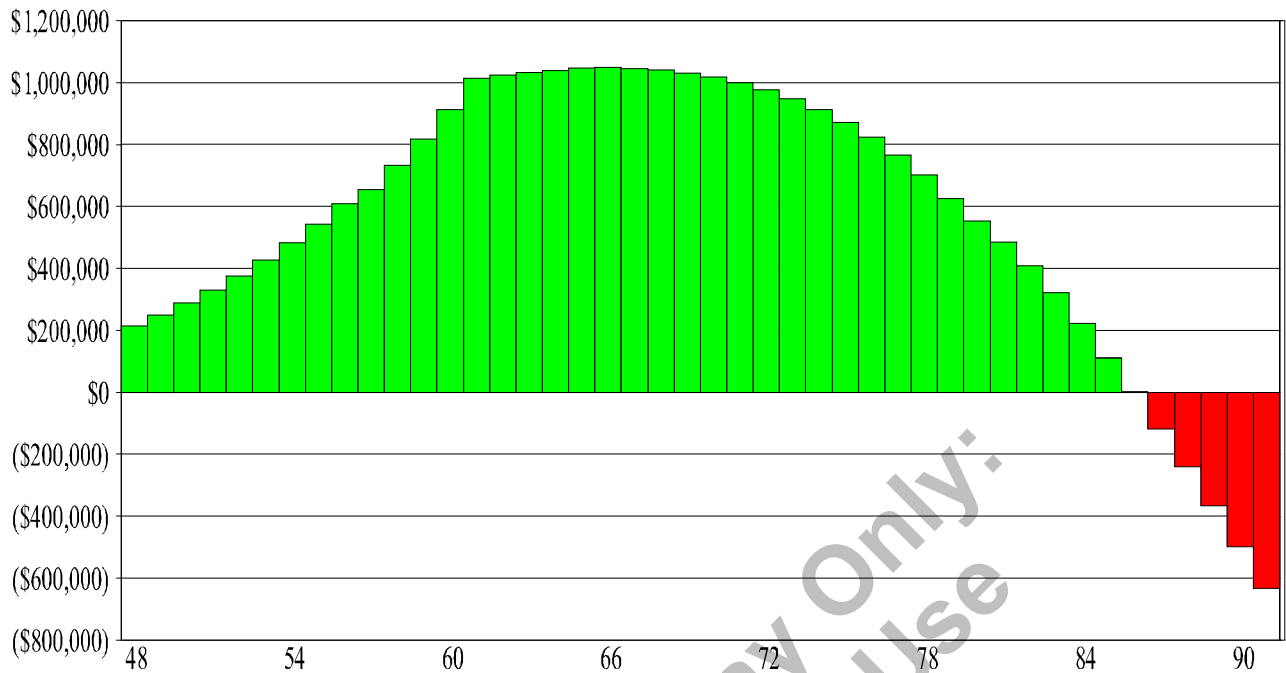
Here is a summary of your situation.

	Current Balances
<u>Personal Investments</u>	
Money Market Accounts	\$20,000
Annuities	30,000
Municipal Bonds & Funds	10,000
Stock Mutual Funds	5,000
	\$65,000
<u>Retirement Plans</u>	
Qualified Plans-John	\$100,000
IRA Assets-Mary	14,000
Roth IRA Assets-John	2,000
Roth IRA Assets-Mary	2,000
	\$118,000
Total Investment Assets	\$183,000

* See Asset Worksheet for detailed annual savings information.

	<u>John</u>	<u>Mary</u>
<u>Social Security</u>		
Starting Age	62	62
Benefit at Starting Age (After-tax)	\$18,578	\$11,210
<u>Pension Plans</u>		
Pension Amount per Year (After-tax)	N/A	\$5,760
Pension Starting Age		60
Increase Rate Pre-Retirement		0.0%
Increase Rate in Retirement		2.0%
Survivor Percentage		50%

Retirement Summary



Retirement Capital Illustration

The analysis begins at your current age and extends through your life expectancy. It includes all assets, both tax advantaged and taxable, all expenses, including education funding if applicable, other income and expense estimates, defined benefit pensions, and Social Security benefits. The graph illustrates the growth and depletion of your capital assets, and in cases of capital shortages shows accumulating deficits.

General Assumptions:

Rates of Return Before and After Retirement Used in Illustration:		
Taxable RORs:	9%	8%
Tax Def. RORs:	9%	8%
Tax Free RORs:	5%	5%
Annuity RORs:	7%	7%

Retirement Spending Needs*	\$60,000
Survivor Spending Needs*	\$50,000
Retirement Age	John - 62
Retirement Age	Mary - 60
Inflation - Current	3%
Inflation - Retirement	3%
Tax Rate - Current	25%
Tax Rate - Retirement	20%

* Spending needs are stated in today's after tax-dollars. See Assumptions page for complete listing of assumptions.

Actual future returns, taxes, expenses, and benefits are unknown. This illustration uses representative estimates and assumptions for educational and discussion purposes only. Do not rely on this report for investment analysis.

Retirement Capital Illustration Results:

It appears you may run out of money before the last life expectancy age of 89.

There are several steps you might consider to improve your situation:

- Increase the rate of return on your investments.
- Add \$3,200 more money each year to your savings and investments.
- Reduce the amount you plan to spend in your retirement by \$3,300.
- Defer your retirement by about 1 years.

Monte Carlo Simulation Explanation

The financial planning process can help you evaluate your status in relationship to your financial goals and objectives. In preparing a hypothetical financial illustration for discussion, a series of representative fixed assumptions are made, such as inflation rates, rates of return, retirement benefits and tax rates. While such static hypothetical illustrations are still useful for education and discussion purposes, they are based upon unchanging long-term assumptions. In fact, economic and financial environments are unpredictable and constantly changing.

Monte Carlo Simulation is one way to visualize the effect of unpredictable financial market volatility on your retirement plan. Monte Carlo Simulation introduces random uncertainty into the annual assumptions of a retirement capital illustration model, and then runs the model a large number of times. Observing results from all these changing results can offer a view of trends, patterns and potential ranges of future outcomes illustrated by the randomly changing simulation conditions. While Monte Carlo Simulation cannot and does not predict your financial future, it may help illustrate for you some of the many different possible hypothetical outcomes.

Monte Carlo Simulation Technique

Based upon the assumed portfolio rates of return used in your hypothetical financial plan, the simulation process uses a different random rate of return for each year of a new hypothetical financial plan. Five thousand full financial plan calculations are performed utilizing the volatile annual rates of return. The result is five thousand new hypothetical financial plan results illustrating possible future financial market environments.

By using random rates from a statistically appropriate collection of annual returns, and repeating the process thousands of times, the resulting collection can be viewed as a representative set of potential future results. The tendencies within the group of Monte Carlo Simulation results; the highs, lows and averages, offer insight into potential plan performance which may occur under various combinations of broad market conditions.

Note: No investment products, investment strategy or particular investment style is projected or illustrated by this process. Simulation results demonstrate effects of volatility on rate of return assumptions for education and discussion purposes only.

Standard Deviation

The simulated level of volatility in future financial markets is represented by a Standard Deviation value. This statistical measure of variation is used within the Monte Carlo Simulation to indicate how dramatically return rates can change year by year. The Standard Deviation controls the magnitude of the random changes in each annual rate of return as it is varied each year above or below the average annual rate to simulate market volatility.

The simulation model uses a Standard Deviation based upon the rate of return assumptions used in the Retirement Capital Illustration, and limits the rate of return variation to plus or minus five standard deviations in any year. Low assumed return rates generate low Standard Deviation values, higher returns relate to higher Standard Deviations.

The Bold Line

The bold line in the Monte Carlo Simulation Results graph tracks the value of assets over the length of the illustration if all rates of return are held stable at the assumed rates of return (see Assumptions). The estimate uses annual expected portfolio rates of return and inflation rates to model the growth and use of assets as indicated under Assumptions (page 3). The bold line represents the values shown in the Retirement Capital Illustration.

Percentage of Monte Carlo Results Above Zero at Selected Ages

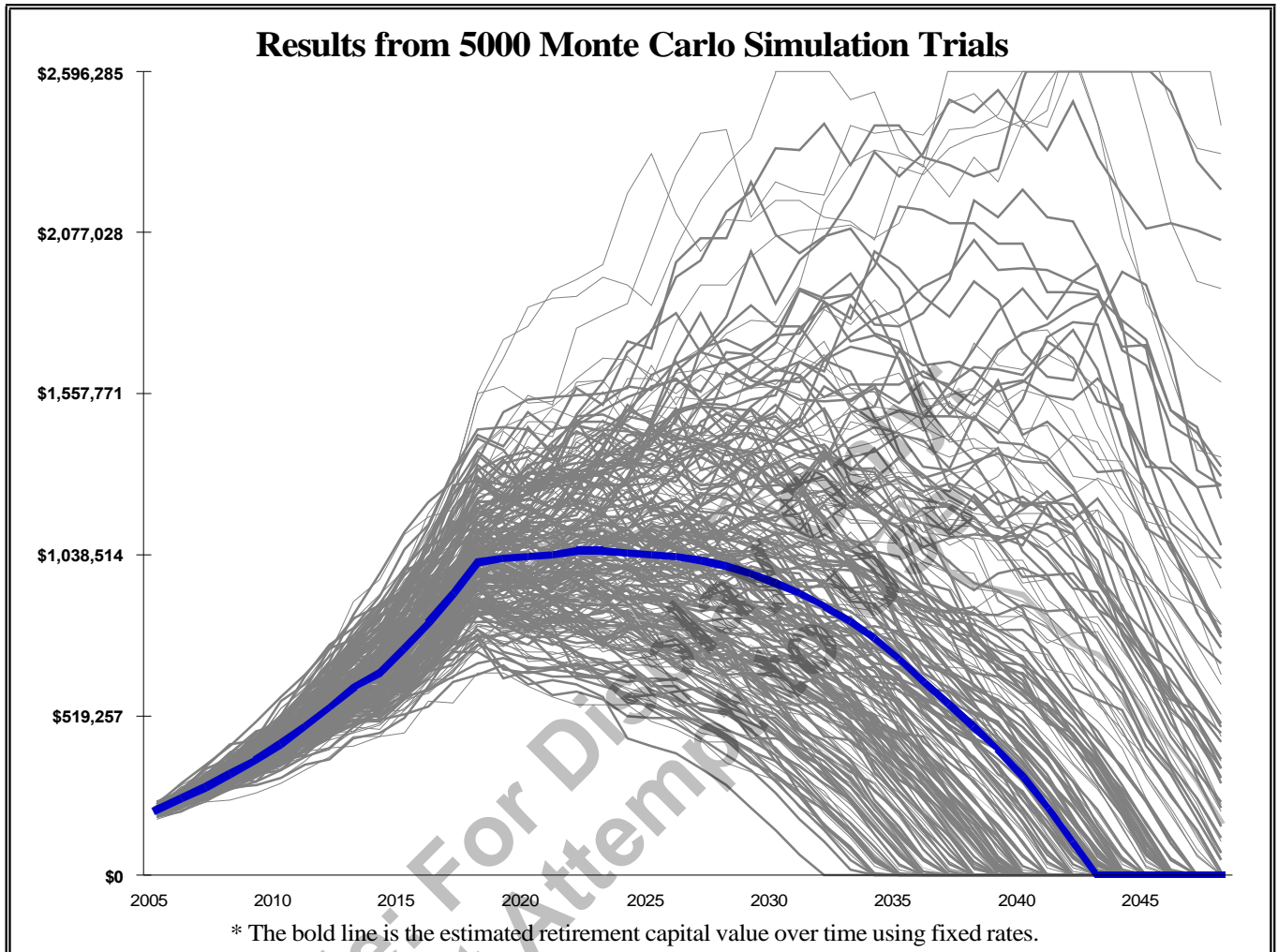
These results represent the percentage of Monte Carlo Simulation outcomes that show positive retirement asset value remaining at different ages. A percentage above 70 at last life expectancy is an indication that the underlying retirement plan offers a substantial probability of success even under volatile market conditions. Additional ages shown give the percentage of simulation outcomes with positive asset amounts at various ages.

Monte Carlo Simulation Minimum, Average and Maximum Dollar Results

These values indicate the best, worst and average dollar results at the end of the five thousand Monte Carlo Simulations. These show the range of results (high and low), and the average of all Monte Carlo results. All values are based on results at the life expectancy of the last to die.

IMPORTANT: The projections or other information generated by the Personalized Financial Plan regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Each Monte Carlo Simulation is unique, results vary with each use and over time.

Monte Carlo Retirement Simulation



This Monte Carlo Retirement Simulation illustrates possible variations in growth and/or depletion of retirement capital under unpredictable future conditions. The simulation introduces uncertainty by fluctuating annual rates of returns on assets. The graph and related calculations do not presuppose or analyze any particular investment or investment strategy. This long term hypothetical model is used to help show potential effects of broad market volatility and possible effect on your financial plans. This is not a projection, but an illustration of uncertainty.

The simulations begin in the current year and model potential asset level changes over time. Included are all capital assets, both tax advantaged and taxable, all expenses, including education funding if applicable, pension benefits, and Social Security benefits. Observing results from this large number of simulations may offer insight into the shape, trends, and potential range of future retirement plan outcomes under volatile market conditions.

Retirement Capital Illustration Results, at Life Expectancy, of 5000 Monte Carlo Simulations:

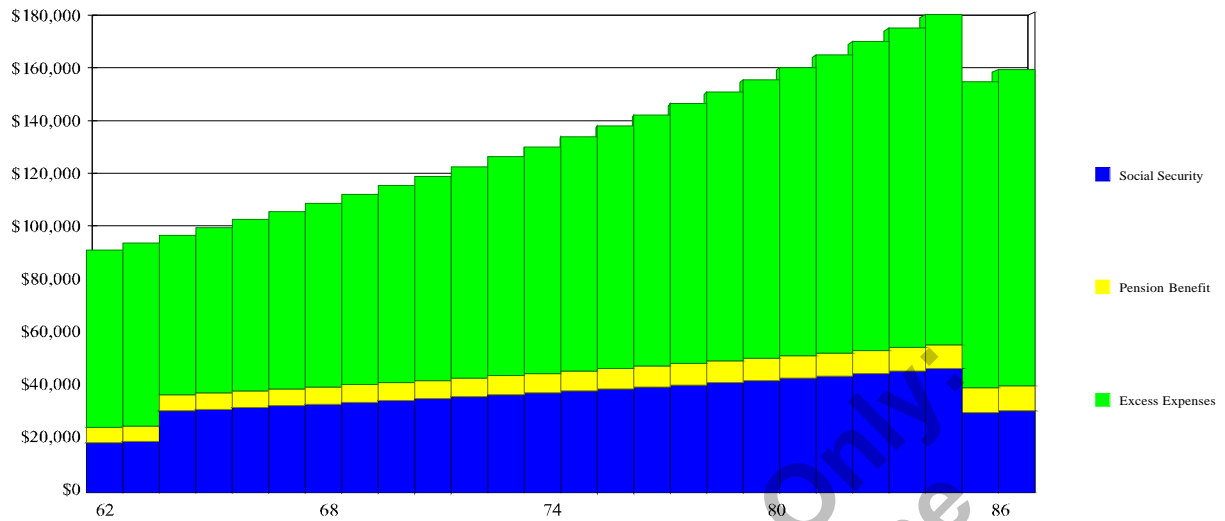
Percent with funds at last life expectancy	20%	Retirement Capital Estimate	\$0
Percent with funds at age 82	76%	Minimum (Worst case) result:	\$0
Percent with funds at age 72	100%	Average Monte Carlo result:	\$142,770
Percent with funds at age 62	100%	Maximum Monte Carlo result:	\$5,683,399

Life insurance proceeds are not included in the final year balances of these calculations.

Illustration based on an average rate of return of 7.93% with a std. dev. of 5.4% (95% of values fall between -2.87% and 18.73%).

IMPORTANT: The projections or other information generated in this report regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results may vary with each report and over time. Results of this simulation are neither guarantees nor projections of future performance. Information is for illustrative purposes only. Do not rely upon the results of this report to predict actual future performance of any investment or investment strategy.

Retirement Expense Forecast



The Retirement Expense Forecast graph combines estimated Social Security benefits with defined pension benefits plotted with estimated annual living expenses in retirement. The graph begins at retirement age and continues to life expectancy. Future retirement expenses are estimated based on your objectives, adjusted for inflation over time. Survivor expense levels start the year after first life expectancy.

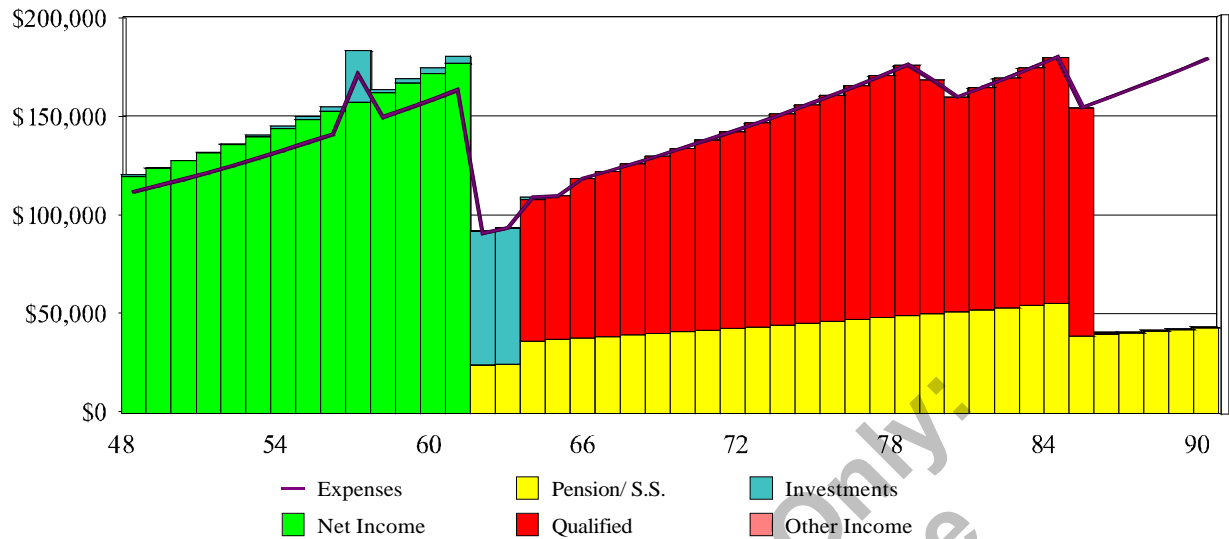
Social Security benefits, and annual adjustments for benefit growth, are estimated and illustrated over the anticipated lifetime. If the starting age selected for Social Security benefits is prior to normal benefit age, only a partial Social Security benefit may be available. Benefit amounts may decrease upon first death.

The Pension Benefit estimate combines any pension benefits and plots them starting at the age the benefit begins. At the death of the pension holder a surviving spouse might receive no continuing benefit, or only a portion of the benefit, causing a decrease in overall annual income.

Excess Expenses shown in the graph represent the amount of inflation adjusted annual living expenses that exceed the combined estimated Social Security and pension benefits. These are estimated amounts which will need to come from retirement savings to fund future expenses not covered by expected benefit income.

Note: Social Security and Pension benefit estimates are based upon information you provided. Estimates are not of future benefits amounts. Clients should not rely upon results of this report to predict actual future benefit amounts.

Cash Flow Summary



The bars in the above graph represent the amounts available from:

- Earned income (wages and self-employment net of investment)
- Social security
- Qualified plan additions and distributions
- Investment additions and distributions
- Misc - (inheritances, sale of residence, retirement account minimum distributions, life insurance)

The line illustrates the annual expenses including:

- Personal living expenses
- Planned debt expenses
- Specified special expenses and education expenses
- Planned deposits to investment and retirement accounts
- Miscellaneous expense items
- Taxes

Note: The Cash Flow report provides the actual numbers that create the preceding Cash Flow Summary graph.

Cash Flow

Ages Indv. 1 2	Cash Flow Sources						Less Living Expense & Taxes	Shortage or Surplus
	Earned Income	Retire/Roth Accounts*	Investment Accounts*	Pension/ Soc. Sec.	Other Income	Total Sources		
48 46	\$120,000	(\$13,000)	(\$711)			\$106,288	(\$97,750)	\$8,538
49 47	123,600	(13,390)	(450)			109,759	(100,682)	9,077
50 48	127,308	(13,790)	(162)			113,355	(103,702)	9,653
51 49	131,126	(14,204)	155			117,076	(106,814)	10,262
52 50	135,060	(14,631)	503			120,931	(110,018)	10,913
53 51	139,112	(15,069)	884			124,926	(113,319)	11,607
54 52	143,285	(15,522)	1,301			129,063	(116,718)	12,345
55 53	147,584	(15,986)	1,757			133,354	(120,220)	13,134
56 54	152,012	(16,466)	2,254			137,799	(123,826)	13,973
57 55	156,572	(16,960)	21,272		(26,095)	134,788	(127,541)	7,247
58 56	161,269	(17,469)	1,565			145,365	(131,367)	13,998
59 57	166,108	(17,994)	2,084			150,197	(135,308)	14,889
60 58	171,090	(18,533)	2,650			155,206	(139,368)	15,838
61 59	176,224	(19,090)	3,266			160,400	(143,549)	16,851
62 60			67,409	24,338		91,746	(90,756)	990
63 61			68,655	24,824		93,479	(93,479)	
64 62		71,027	1,184	36,528		108,738	(108,738)	
65 63		72,083		37,254		109,337	(109,337)	
66 64		80,180		38,002		118,182	(118,182)	
67 65		83,059		38,762		121,821	(121,821)	
68 66		86,038		39,535		125,573	(125,573)	
69 67		89,107		40,331		129,438	(129,438)	
70 68		92,295		41,130		133,425	(133,425)	
71 69		95,566		41,962		137,528	(137,528)	
72 70		98,961		42,798		141,759	(141,759)	
73 71		102,461		43,657		146,118	(146,118)	
74 72		106,091		44,521		150,612	(150,613)	
75 73		109,821		45,420		155,241	(155,241)	
76 74		113,690		46,323		160,013	(160,013)	
77 75		117,677		47,251		164,928	(164,928)	
78 76		121,800		48,195		169,995	(169,995)	
79 77		126,050		49,164		175,214	(175,214)	
80 78		117,530		50,140		167,670	(167,670)	
81 79		107,988		51,151		159,139	(159,139)	
82 80		111,743		52,169		163,912	(163,913)	
83 81		115,615		53,214		168,829	(168,830)	
84 82		119,618		54,277		173,895	(173,895)	
85 83		123,745		55,367		179,112	(179,112)	
84		114,593		39,145		153,738	(153,738)	
85		780		39,925		40,705	(158,350)	(117,645)
86				40,726		40,726	(163,101)	(122,375)
87				41,540		41,540	(167,994)	(126,454)
88				42,366		42,366	(173,034)	(130,668)
89				43,215		43,215	(178,225)	(135,010)

* Scheduled distributions, interest, or dividends taken in cash or amounts taken to meet the IRS minimum distribution requirements.
 Note: Earned Income is reduced by qualified retirement account contributions in calculating the effect of income taxes. Pension, Social Security, and Other Income cash flow items are net of income taxes. The tax rate used is the average tax rate entered in the input.

Cash Flow Explanation

Cash flows are sources and uses of money. Primary sources of funds are income from work, Social Security, pensions, savings, insurance proceeds, and other income events. Regular living expenses, education costs, and other planned expenses are the primary use of funds.

The cash flow report pages are designed to be an alternate presentation of the financial information shown elsewhere in this report. The emphasis of the cash flow illustrations are the amounts and types of incomes and levels of expenses that occur during the illustration.

The Cash Flow Summary Graph illustrates four primary financial elements; income, investment, expenses, and cash sources. The different colored bars in the graph represent the level of cash flows that are occurring, and what accounts they are related to. The single solid line represents the annual expense level from now to the end of the illustration. Prior to retirement, bars above the expense level represent investments.

Portions of bars below the expense line represent sources of cash that are being used to pay for planned living expenses and to cover special expenses such as education. During the working years, income from employment is generally the primary source of cash to cover expenses. In retirement, social security, pension benefits, and cash withdrawn from investment accounts are the major sources of cash to cover expenses.

In general terms, the best case is to have the cash flow bars always at or above the expense line. This indicates that there is sufficient income, or investment asset sources, to meet living expenses and other planned needs. Gaps between the expense line and cash flow bars indicate calculated shortfalls of cash flow during those years.

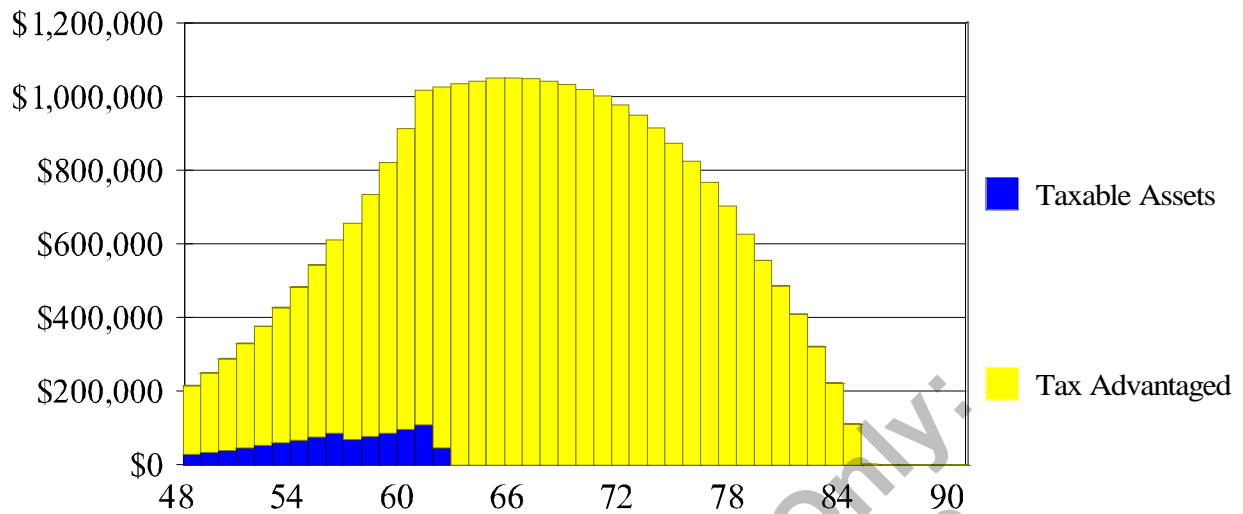
The cash flow numbers page contains the numerical information upon which the graph is based. This page shows the sources and uses of funds. The columns coincide with the bars and lines in the cash flow graph. Red numbers represent a use of cash, black a source.

The red numbers in the Retire/Roth or Investment Accounts columns are additions made to those accounts; these are investments and uses of funds. The black numbers in those columns represent withdrawals from the account; these are sources of funds to meet retirement needs.

All sources (and investment uses) are subtotaled in the Total Sources column. Tax estimates are based on earned income and investment income (adjusted for contributions to qualified retirement accounts) multiplied by the estimated net effective tax rates. The resulting tax estimate is added to inflation adjusted living expenses to create an estimated annual figure.

The combination of Total Sources and Living Expenses & Taxes can create a surplus or shortage. A shortage indicates that expenses exceed incomes and sources. A surplus can indicate that incomes exceed expenses. During retirement, if money is withdrawn at the same level of need, no surplus or shortage will occur.

Total Capital Assets



The Total Capital Assets graph displays taxable assets, combined with the value of the tax advantaged assets over time. The illustration shows assets from current age through life expectancy. Estimated capital growth is based on the rate of return for the assets, plus any annual additions or expenses. When the taxable accounts have been consumed, tax-advantaged accounts may be drawn on for additional funds.

Generally, the IRS requires that by age 70 1/2, minimum distributions must be made from qualified tax-deferred accounts. These annual distributions must be made on a schedule calculated to consume the account balances during the life expectancy. Money distributed from these tax-deferred accounts will first be used to meet current spending needs. Excess funds will be reinvested into taxable accounts.

Retirement Capital Analysis

Ages*	Retirement Spending Needs	Sources of Annual Income**				Education & Other Inc/Exp	Net Surplus or (Shortage)	Annual Additions To Assets	Retirement Capital \$183,000
		Social Security Indv. 1	Social Security Indv. 2	Pension Income Indv. 1	Pension Income Indv. 2				
48	46						16,000	214,593	
49	47						16,480	249,359	
50	48						16,973	287,585	
51	49						17,483	329,585	
52	50						18,008	375,701	
53	51						18,547	426,301	
54	52						19,105	481,788	
55	53						19,676	542,601	
56	54						20,267	609,218	
57	55					(26,095)	(26,095)	655,183	
58	56						21,501	733,189	
59	57						22,147	818,576	
60	58						22,811	912,003	
61	59						23,496	1,014,192	
62 R	60 R	90,756	18,578		5,760		(66,418)	1,023,675	
63	61	93,479	18,949		5,875		(68,655)	1,032,652	
64	62	96,283	19,328	11,210	5,990		(59,755)	1,039,616	
65	63	99,171	19,715	11,434	6,106		(61,917)	1,047,714	
66	64	102,146	20,109	11,663	6,230		(64,144)	1,048,143	
67	65	105,210	20,511	11,896	6,355		(66,448)	1,045,609	
68	66	108,366	20,921	12,134	6,480		(68,831)	1,039,775	
69	67	111,617	21,340	12,376	6,614		(71,286)	1,030,283	
70	68	114,966	21,767	12,624	6,739		(73,836)	1,016,717	
71	69	118,415	22,202	12,877	6,883		(76,453)	998,662	
72	70	121,967	22,646	13,134	7,018		(79,169)	975,633	
73	71	125,626	23,099	13,397	7,162		(81,969)	947,122	
74	72	129,395	23,561	13,665	7,296		(84,874)	912,553	
75	73	133,277	24,032	13,938	7,450		(87,857)	871,341	
76	74	137,275	24,513	14,217	7,594		(90,952)	822,808	
77	75	141,393	25,003	14,501	7,747		(94,142)	766,245	
78	76	145,635	25,503	14,791	7,901		(97,440)	700,870	
79	77	150,004	26,013	15,087	8,064		(100,840)	625,846	
80	78	154,504	26,533	15,389	8,218		(104,364)	553,681	
81	79	159,139	27,064	15,696	8,390		(107,988)	485,666	
82	80	163,913	27,605	16,010	8,554		(111,744)	408,305	
83	81	168,830	28,157	16,331	8,726		(115,616)	320,728	
84	82	173,895	28,721	16,657	8,899		(119,618)	221,983	
85 L	83	179,112	29,295	16,990	9,082		(123,745)	111,046	
	84	153,738		29,881	9,264		(114,593)	752	
	85	158,350		30,478	9,446		(118,425)		
	86	163,101		31,088	9,638		(122,375)		
	87	167,994		31,710	9,830		(126,454)		
	88	173,034		32,344	10,022		(130,668)		
	89 L	178,225		32,991	10,224		(135,010)		

*R=Retirement age, L=Life expectancy.** Pensions & 85% of S.S. reduced 20% for income taxes.

Note: Report is based upon assumed inflation rates of 3% and 3% (before and after retirement). Actual future inflation rates are unknown.

Taxable Savings & Investment Accounts

Ages	Account Additions	Annual Growth	Income Tax On Account*	From Tax-Advantaged Assets		Paid out or received for cash flow	Account Balance** \$25,000
				Distributions	Income Tax		
48 46	3,000	2,384	(597)				29,788
49 47	3,090	2,819	(705)				34,992
50 48	3,182	3,292	(824)				40,644
51 49	3,278	3,805	(952)				46,776
52 50	3,376	4,361	(1,091)				53,423
53 51	3,477	4,964	(1,242)				60,624
54 52	3,582	5,617	(1,405)				68,419
55 53	3,689	6,323	(1,581)				76,851
56 54	3,800	7,087	(1,772)				85,967
57 55	3,914	6,738	(1,685)			(26,096)	68,840
58 56	4,031	6,377	(1,595)				77,654
59 57	4,152	7,175	(1,794)				87,188
60 58	4,277	8,039	(2,010)				97,494
61 59	4,405	8,972	(2,244)				108,629
62R 60R		6,033	(1,207)			(66,419)	47,037
63 61		1,823	(365)	20,159		(68,655)	
64 62				72,210	(12,456)	(59,755)	
65 63				72,083	(10,167)	(61,917)	
66 64				80,180	(16,037)	(64,145)	
67 65				83,059	(16,612)	(66,448)	
68 66				86,038	(17,208)	(68,831)	
69 67				89,107	(17,822)	(71,287)	
70 68				92,295	(18,460)	(73,837)	
71 69				95,566	(19,114)	(76,454)	
72 70				98,961	(19,793)	(79,170)	
73 71				102,461	(20,493)	(81,969)	
74 72				106,091	(21,219)	(84,874)	
75 73				109,821	(21,965)	(87,858)	
76 74				113,690	(22,739)	(90,953)	
77 75				117,677	(23,536)	(94,142)	
78 76				121,800	(24,361)	(97,441)	
79 77				126,050	(25,211)	(100,841)	
80 78				117,530	(13,167)	(104,365)	
81 79				107,988		(107,989)	
82 80				111,743		(111,744)	
83 81				115,615		(115,616)	
84 82				119,618		(119,619)	
85L 83				123,745		(123,746)	
84				114,593		(114,594)	
85				780		(118,426)	
86						(122,375)	
87						(126,454)	
88						(130,668)	
89L						(135,011)	

* Estimated taxes include tax due on income and on sales of assets. Starting cost basis is estimated at 100%.

** This report is based on assumed growth rates of 9.00% and 8.00%, and inflation rates of 3.00% and 3.00% (before and after retirement). Account additions are calculated to increase at 3.00% per year for each individual.

This report, and its hypothetical illustrations, are intended to form a basis for further discussion with your legal, accounting, and financial advisors. Actual future investment returns, taxes and inflation are unknown. Do not rely upon this report to predict future investment performance.

Tax-Deferred Annuities

Ages 1 & 2	Account Additions	Annual Growth	Account Withdrawals	Balance* \$30,000	Cumulative Growth	Taxable Withdrawal	Income Tax Due
48 46		2,100		32,100	2,100		
49 47		2,247		34,347	4,347		
50 48		2,404		36,751	6,751		
51 49		2,573		39,324	9,324		
52 50		2,753		42,077	12,077		
53 51		2,945		45,022	15,022		
54 52		3,152		48,173	18,173		
55 53		3,372		51,546	21,546		
56 54		3,608		55,154	25,154		
57 55		3,861		59,015	29,015		
58 56		4,131		63,146	33,146		
59 57		4,420		67,566	37,566		
60 58		4,730		72,295	42,295		
61 59		5,061		77,356	47,356		
62R 60R		5,415		82,771	52,771		
63 61		5,794		88,565	58,565		
64 62		3,714	(71,027)	21,251	62,278	62,278	(12,456)
65 63		719	(21,970)		719	719	(144)
66 64							
67 65							
68 66							
69 67							
70 68							
71 69							
72 70							
73 71							
74 72							
75 73							
76 74							
77 75							
78 76							
79 77							
80 78							
81 79							
82 80							
83 81							
84 82							
85L 83							
86 84							
87 85							
88 86							
89 87							
90 88							
91 89L							

* This report is based on assumed growth rates of 7.00% and 7.00%, with inflation rates of 3.00% and 3.00% (before and after retirement). Starting cost basis is 100%. Account additions are calculated to increase 3.00% per year.

Tax-Deferred Retirement Accounts

Individual 1 Accounts					Individual 2 Accounts				
Age	Account Additions	Annual Growth	With-drawals	Balance* \$100,000	Age	Account Additions	Annual Growth	With-drawals	Balance* \$14,000
48	9,000	9,405		118,405	46		1,260		15,260
49	9,270	11,073		138,748	47		1,373		16,633
50	9,548	12,916		161,213	48		1,496		18,129
51	9,834	14,951		185,999	49		1,631		19,760
52	10,129	17,195		213,324	50		1,778		21,538
53	10,433	19,668		243,426	51		1,938		23,476
54	10,746	22,391		276,564	52		2,112		25,588
55	11,068	25,388		313,021	53		2,302		27,890
56	11,400	28,684		353,106	54		2,510		30,400
57	11,742	32,307		397,156	55		2,736		33,136
58	12,095	36,288		445,539	56		2,982		36,118
59	12,458	40,659		498,656	57		3,250		39,368
60	12,831	45,456		556,944	58		3,543		42,911
61	13,216	50,719		620,880	59		3,861		46,772
62R		49,670		670,550	60R		3,741		50,513
63		53,644		724,194	61		4,041		54,554
64		57,935		782,129	62		4,364		58,918
65		60,565	(50,114)	792,581	63		4,713		63,631
66		60,199	(80,181)	772,600	64		5,090		68,721
67		58,485	(83,060)	748,025	65		5,497		74,218
68		56,400	(86,039)	718,386	66		5,937		80,155
69		53,906	(89,108)	683,184	67		6,412		86,567
70		50,962	(92,296)	641,851	68		6,925		93,492
71		47,525	(95,567)	593,809	69		7,479		100,971
72		43,693	(95,277)	542,225	70		7,930	(3,686)	105,216
73		39,438	(98,491)	483,172	71		8,258	(3,971)	109,504
74		34,581	(101,815)	415,938	72		8,589	(4,278)	113,815
75		29,066	(105,214)	339,790	73		8,920	(4,608)	118,127
76		22,834	(108,727)	253,897	74		9,251	(4,964)	122,415
77		15,818	(112,332)	157,383	75		9,579	(5,346)	126,648
78		7,948	(116,044)	49,288	76		9,901	(5,757)	130,792
79		1,895	(51,184)		77		7,468	(74,867)	63,394
80					78		2,438	(65,833)	
81					79				
82					80				
83					81				
84					82				
85L					83				
					84				
					85				
					86				
					87				
					88				
					89L				

* This report is based on assumed growth rates of 9.00% and 8.00%, with inflation rates of 3.00% and 3.00% (before and after retirement). Account deposits are calculated to increase 3.00% and 3.00% per year (Individual 1 and 2).

Tax-Free Accounts

Combined ROTH IRA Accounts						Other Tax Free Assets				
Age	Additions	Additions	Annual	With-	Balance*	Account	Annual	With-	Balance*	
Indv 1	Indv 2	Indv. 1	Indv. 2	Growth	drawals	\$4,000	Additions	Growth	drawals	\$10,000
48	46	2,000	2,000	540		8,540		500		10,500
49	47	2,060	2,060	954		13,614		525		11,025
50	48	2,121	2,121	1,416		19,272		551		11,576
51	49	2,185	2,185	1,931		25,572		579		12,154
52	50	2,251	2,251	2,504		32,578		608		12,761
53	51	2,318	2,318	3,141		40,354		638		13,399
54	52	2,388	2,388	3,847		48,976		670		14,068
55	53	2,459	2,459	4,629		58,522		703		14,771
56	54	2,533	2,533	5,495		69,082		739		15,509
57	55	2,609	2,609	6,452		80,752		775		16,284
58	56	2,687	2,687	7,510		93,634		814		17,098
59	57	2,768	2,768	8,676		107,846		855		17,952
60	58	2,851	2,851	9,963		123,510		898		18,849
61	59	2,937	2,937	11,380		140,764		942		19,791
62R	60R			11,261		152,024		990		20,780
63	61			12,162		164,184		535	(20,159)	1,155
64	62			13,135		177,318		28	(1,183)	
65	63			14,185		191,502				
66	64			15,320		206,822				
67	65			16,546		223,366				
68	66			17,869		241,234				
69	67			19,299		260,532				
70	68			20,843		281,374				
71	69			22,510		303,882				
72	70			24,311		328,192				
73	71			26,255		354,446				
74	72			28,356		382,800				
75	73			30,624		413,424				
76	74			33,074		446,496				
77	75			35,720		482,214				
78	76			38,577		520,790				
79	77			41,663		562,452				
80	78			42,928	(51,699)	553,681				
81	79			39,975	(107,988)	485,666				
82	80			34,384	(111,744)	408,305				
83	81			28,040	(115,616)	320,728				
84	82			20,874	(119,618)	221,983				
85L	83			12,809	(123,745)	111,046				
	84			4,300	(114,593)	752				
	85			29	(781)					
	86									
	87									
	88									
	89L									

* Roth growth rates: 9.00% and 8.00%, Tax-Free: 5.00% and 5.00%, inflation rates: 3.00% and 3.00% (before and after retirement). Account deposits are calculated to increase 3.00% and 3.00% per year (Individual 1 and 2).

Insurance Summary

Company Name	0	0
Insured	Indv. 1	Indv. 2
Owner	Indv. 1	Indv. 2
Beneficiary	Indv. 2	Indv. 1
Type	0	0
Death Benefit	\$300,000	\$100,000
Annual Premium		
Total Premiums Paid		
Current Cash Values		

Insurance Included in Estate:

John predeceases Mary

	<u>John</u>	<u>Mary</u>
Policy 1 - 0	\$300,000	\$0
Policy 2 - 0	0	100,000
	\$300,000	\$100,000

Mary predeceases John

	<u>Mary</u>	<u>John</u>
Policy 1 - 0	\$0	\$300,000
Policy 2 - 0	100,000	0
	\$100,000	\$300,000

Sample: For Display Only:
Do Not Attempt to Use

Survivor Needs Analysis

John and Mary Sample

In the event of an untimely death, survivors may be left without the household income needed to sustain their existing lifestyle. Life insurance coverage is recommended in an amount that will ensure sufficient ongoing income, as well as cover immediate needs, such as final expenses.

Determining proper levels of life insurance involves a comparison of current and future household expense levels with expected surviving spouse's earnings plus survivor benefits. Other resources are also taken into account such as: liquid assets, investments, pension, and retirement accounts.

Insurance needs estimates are the calculated lump sum amounts which would provide a source of future cash flow to supplement the anticipated household income. The insurance levels suggested are just general guides and may not include all factors affecting your own situation.

Spending needs for this report are based upon \$60,000 per year, inflated at 3% each year until retirement and \$50,000 per year, inflated at 3% each year during retirement.

Life Insurance Basic Needs Estimate on John:

Present Value:	Anticipated Spending Needs	\$1,305,768	
	Education Expenses	100,000	
	Other Expenses	32,946	\$1,438,714
	Mary's Employment	(\$248,235)	
	Social Security Benefits	(341,733)	
	Pension Benefits	(43,582)	
	Other Incomes	(0)	(\$633,550)
	Net Estimated Survivor Need Shortage		\$805,164
	Currently Existing Liabilities		140,000
	Assets Available to Offset Shortage		(183,000)
	Current Life Insurance Coverage		(300,000)
	Suggested Additional Life Insurance Coverage		\$462,164

Note: Estimated insurance requirements can vary over time due to changes in asset levels, special expenses, education expenses, estate planning, and spousal retirement needs. Additional insurance, held outside of an insurance trust, may have estate tax consequences. It may be prudent to purchase an amount of insurance appropriate to prepare for potential higher coverage needs. Consult with your financial advisor about factors that may suggest additional insurance coverage.

Survivor Needs Analysis

John and Mary Sample

In the event of an untimely death, survivors may be left without the household income needed to sustain their existing lifestyle. Life insurance coverage is recommended in an amount that will ensure sufficient ongoing income, as well as cover immediate needs, such as final expenses.

Determining proper levels of life insurance involves a comparison of current and future household expense levels with expected surviving spouse's earnings plus survivor benefits. Other resources are also taken into account such as: liquid assets, investments, pension, and retirement accounts.

Insurance needs estimates are the calculated lump sum amounts which would provide a source of future cash flow to supplement the anticipated household income. The insurance levels suggested are just general guides and may not include all factors affecting your own situation.

Spending needs for this report are based upon \$60,000 per year, inflated at 3% each year until retirement and \$50,000 per year, inflated at 3% each year during retirement.

Life Insurance Basic Needs Estimate on Mary:

Present Value:	Anticipated Spending Needs	\$1,217,184	
	Education Expenses	100,000	
	Other Expenses	32,946	\$1,350,130
	John's Employment	(\$744,705)	
	Social Security Benefits	(246,335)	
	Pension Benefits	(34,884)	
	Other Incomes	(0)	(\$1,025,924)
	Net Estimated Survivor Need Shortage		\$324,206
	Currently Existing Liabilities		140,000
	Assets Available to Offset Shortage		(183,000)
	Current Life Insurance Coverage		(100,000)
	Suggested Additional Life Insurance Coverage		\$181,206

Note: Estimated insurance requirements can vary over time due to changes in asset levels, special expenses, education expenses, estate planning, and spousal retirement needs. Additional insurance, held outside of an insurance trust, may have estate tax consequences. It may be prudent to purchase an amount of insurance appropriate to prepare for potential higher coverage needs. Consult with your financial advisor about factors that may suggest additional insurance coverage.

Survivor Needs Calculation for Mary, To Estimate Life Insurance Required on John

NPV's*	(\$1,305,768)	(\$100,000)	(\$32,946)	\$248,235	\$341,733	\$43,582	(\$805,164)
Age	After Tax Spending Need	Education Costs	Other Inc/Exp**	After Tax Emp. Income	After Tax SS Benefits	After Tax Pension Inc.	Estimated Inc. Shortage
46	(60,000)		(17,500)	22,500	32,810		(22,190)
47	(61,800)			23,175	33,467		(5,158)
48	(63,654)			23,870	34,136		(5,648)
49	(65,564)			24,586	34,819		(6,159)
50	(67,531)			25,324	30,441		(11,765)
51	(69,556)	(12,624)		26,084	31,050		(25,047)
52	(71,643)	(20,073)		26,866	31,671		(33,179)
53	(73,792)	(21,278)		27,672	32,305		(35,094)
54	(76,006)	(22,554)		28,502			(70,058)
55	(78,286)	(23,908)	(26,095)	29,357			(98,932)
56	(80,635)	(25,342)		30,238			(75,739)
57	(83,054)	(26,863)		31,145			(78,772)
58	(85,546)			32,080			(53,466)
59	(88,112)			33,042			(55,070)
60	(75,629)				16,317	5,760	(53,553)
61	(77,898)				16,643	5,875	(55,380)
62	(80,235)				19,328	5,990	(54,917)
63	(82,642)				19,715	6,106	(56,822)
64	(85,122)				20,109	6,230	(58,782)
65	(87,675)				20,511	6,355	(60,809)
66	(90,306)				20,921	6,480	(62,904)
67	(93,015)				21,340	6,614	(65,061)
68	(95,805)				21,767	6,739	(67,299)
69	(98,679)				22,202	6,883	(69,594)
70	(101,640)				22,646	7,018	(71,976)
71	(104,689)				23,099	7,162	(74,428)
72	(107,830)				23,561	7,296	(76,973)
73	(111,064)				24,032	7,450	(79,583)
74	(114,396)				24,513	7,594	(82,290)
75	(117,828)				25,003	7,747	(85,078)
76	(121,363)				25,503	7,901	(87,959)
77	(125,004)				26,013	8,064	(90,927)
78	(128,754)				26,533	8,218	(94,003)
79	(132,617)				27,064	8,390	(97,162)
80	(136,595)				27,605	8,554	(100,436)
81	(140,693)				28,157	8,726	(103,809)
82	(144,914)				28,721	8,899	(107,294)
83	(149,261)				29,295	9,082	(110,885)
84	(153,739)				29,881	9,264	(114,594)
85	(158,351)				30,478	9,446	(118,427)
86	(163,102)				31,088	9,638	(122,375)
87	(167,995)				31,710	9,830	(126,455)
88	(173,035)				32,344	10,022	(130,668)
89	(178,226)				32,991	10,224	(135,011)

* Net Present Values for this illustration are calculated using an after-tax discount rate of 6% (Education Costs at 6%)

** First year expenses include allowance for final expenses and emergency funds in the amount of \$17,500.

Survivor Needs Calculation for John, To Estimate Life Insurance Required on Mary

NPV's*	(\$1,217,184)	(\$100,000)	(\$32,946)	\$744,705	\$246,335	\$34,884	(\$324,206)
Age	After Tax Spending Need	Education Costs	Other Inc/Exp**	After Tax Emp. Income	After Tax SS Benefits	After Tax Pension Inc.	Estimated Inc. Shortage
48	(60,000)		(17,500)	67,500	19,807	1,763	11,570
49	(61,800)			69,525	20,203	1,798	29,726
50	(63,654)			71,611	20,607	1,834	30,398
51	(65,564)			73,759	21,020	1,871	31,086
52	(67,531)			75,972	18,377	1,908	28,726
53	(69,556)	(12,624)		78,251	18,745	1,946	16,761
54	(71,643)	(20,073)		80,599	19,120	1,985	9,987
55	(73,792)	(21,278)		83,016	19,502	2,025	9,473
56	(76,006)	(22,554)		85,507		2,065	(10,988)
57	(78,286)	(23,908)	(26,095)	88,072		2,107	(38,111)
58	(80,635)	(25,342)		90,714		2,149	(13,114)
59	(83,054)	(26,863)		93,436		2,192	(14,290)
60	(85,546)			96,239		2,235	12,929
61	(88,112)			99,126		2,280	13,294
62	(75,629)				18,578	2,481	(54,571)
63	(77,898)				18,949	2,530	(56,419)
64	(80,235)				19,328	2,581	(58,326)
65	(82,642)				19,715	2,633	(60,295)
66	(85,122)				20,109	2,685	(62,327)
67	(87,675)				20,511	2,739	(64,425)
68	(90,306)				20,921	2,794	(66,590)
69	(93,015)				21,340	2,850	(68,825)
70	(95,805)				21,767	2,907	(71,132)
71	(98,679)				22,202	2,965	(73,513)
72	(101,640)				22,646	3,024	(75,970)
73	(104,689)				23,099	3,085	(78,505)
74	(107,830)				23,561	3,146	(81,122)
75	(111,064)				24,032	3,209	(83,823)
76	(114,396)				24,513	3,273	(86,610)
77	(117,828)				25,003	3,339	(89,486)
78	(121,363)				25,503	3,406	(92,454)
79	(125,004)				26,013	3,474	(95,517)
80	(128,754)				26,533	3,543	(98,678)
81	(132,617)				27,064	3,614	(101,939)
82	(136,595)				27,605	3,686	(105,304)
83	(140,693)				28,157	3,760	(108,776)
84	(144,914)				28,721	3,835	(112,358)
85	(149,261)				29,295	3,912	(116,054)

* Net Present Values for this illustration are calculated using an after-tax discount rate of 6% (Education Costs at 6%)

** First year expenses include allowance for final expenses and emergency funds in the amount of \$17,500.

Disability Income Insurance

Disability due to illness or injury can devastate your financial plans. At a time when you are unable to work for a living, household expenses may actually increase while your income decreases. You could be forced to deplete funds that might have been saved for your retirement years.

Generally, the goal of disability income insurance is to replace the after-tax earnings of the insured wage earner and to allow you and your family to maintain your current lifestyle. Based on your current situation, you would need to replace the following income if you were disabled.

John-

Current Income: \$90,000/Yr.

Replacement Ratio*: 65%

Suggested Need: \$59,000/Yr.

Mary-

Current Income: \$30,000/Yr.

Replacement Ratio*: 65%

Suggested Need: \$20,000/Yr.

* Current underwriting standards allow only a portion of Current Income to be replaced.

In addition, there are many factors which could affect the amount of the Suggested Need noted above. You should review these items before making your final decision. These factors include:

- Investment Income
- Investment Assets
- Retirement Assets
- Spouse's Salary
- Pension Income
- Other Income
- Changes in Living Expenses
- Inflation
- Funds required for retirement/education or other needs
- Length of Time Until Retirement
- Changes in Taxes
- Social Security Disability Benefits
- Employer Disability Benefits

Note: Consult with your financial advisor about factors that may suggest additional insurance coverage.

Long-Term Care

Long-Term Care Defined

Long-term care is sustained medical or custodial care in a hospital, nursing facility, or equivalent care at This care meets the needs of people when, for some reason, they cannot care for themselves. Long-term care insurance provides coverage for costs when the need for care extends beyond a pre-determined period. Benefits start when certain conditions and time frames specified by a long-term care insurance policy are Generally the needs requirements to obtain insurance benefits fall into two categories:

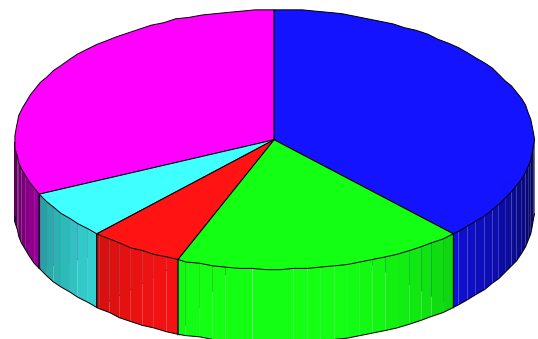
<p>An inability to perform two or more Activities of Daily Living (or ADLs).</p>	<p>Activities of Daily Living (ADLs) are basic functions of daily independent living and includes:</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td>Dressing</td> <td>Toileting</td> </tr> <tr> <td>Bathing</td> <td>Transferring</td> </tr> <tr> <td>Eating</td> <td>Continence</td> </tr> </table>	Dressing	Toileting	Bathing	Transferring	Eating	Continence
Dressing	Toileting						
Bathing	Transferring						
Eating	Continence						
<p>Impaired Cognitive Ability</p>	<p>Loss of mental function can result from stroke, dementia or Alzheimer's Disease. Alzheimer's Disease is a disorder that progressively affects one's ability to carry out daily activities.</p>						

The Cost of Waiting to Plan

- 40% of all long-term care recipients are under the age of 65.
- Over 45% of seniors who reach age 65 will spend some time in a nursing home.
- Over 70% of seniors who reach age 65 will need some form of home health care in their lifetime.
- One out of every four families provides care to an elderly relative or loved one.
- 25% will stay in a Nursing Facility for more than one full year.
- The average nursing home stay is 2.5 years and the average Alzheimer's stay is 7 years.

Without benefits from long-term care insurance or a comparable plan, the cost of providing these services could devastate your lifetime savings, or a relative's life savings. On average, one year in a nursing home costs in the area of \$57,000 and can easily exceed \$100,000.

Depending on the care required, most of these expenses are paid for by the patient or their family. Medicare may contribute toward the first 100 days expenses in a skilled care facility. There are no Medicaid benefits available for intermediate-term or custodial care, unless the state finds the patient to be impoverished under local guidelines. Even then, care options would be restricted to care facilities that accept the very limited benefit payments Medicaid offers.



- Medicaid - 38%
- Medicare - 18%
- Private Health Insurance - 6%
- Other - 6%
- Savings / Family - 32%

Medicaid and Medicare Facts

- **Medicaid is a welfare program designed as an emergency safety net to pay health care costs of the poor.**
- **Medicare is part of Social Security, and helps pay for the general health care needs of retired persons.**
- **Medicare typically only pays for doctors, hospitals, and short recuperative stays in nursing facilities.**
- **Private health insurance is designed for medical (doctors, hospitals, etc) not long-term care expenses.**
- **Most people end up relying on their own or relatives resources to pay for long-term care expenses.**

Long-Term Care Need Analysis

Long-term care (LTC) requires long-term planning. LTC insurance is available to cover these expenses, protect your assets, your independence, and control the quality of the care you receive. You are able to choose the specified daily benefit level, as well as the types of medical and care services covered.

When is the best time to purchase LTC insurance? Generally, the premiums stay level once the policy is purchased, much like level term insurance. In practice, the earlier you buy a policy, the lower the premium. Since the odds of becoming disabled increase with age, purchasing coverage before the age of 55 is good planning. Consider the premium cost of several coverage levels to determine which is right for your budget.

Needs Estimate

These estimated long-term care cost examples are based upon your financial information. Consider the numbers here to be a starting point for analysis and discussion of your long-term care insurance needs.

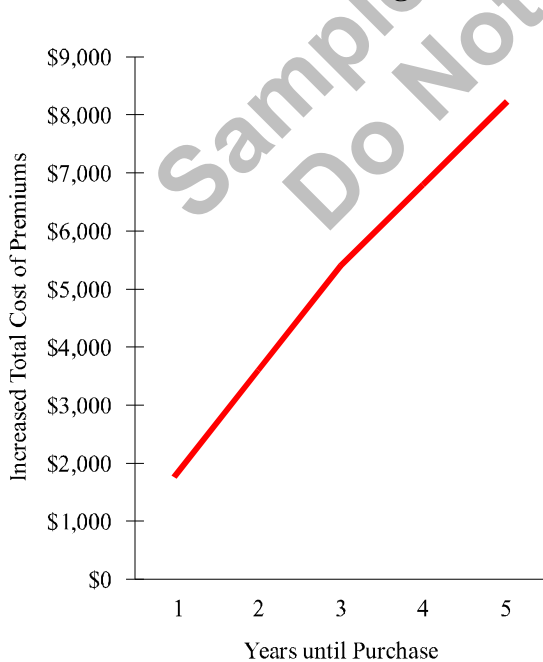
	John	Mary
Estimated daily care cost	\$200	\$200
Estimated annual care costs	\$73,000	\$73,000
Estimated years of care	5	5
Assumed inflation rate	5%	5%

Current financial assets exposed to potential long-term care expense **\$183,000**

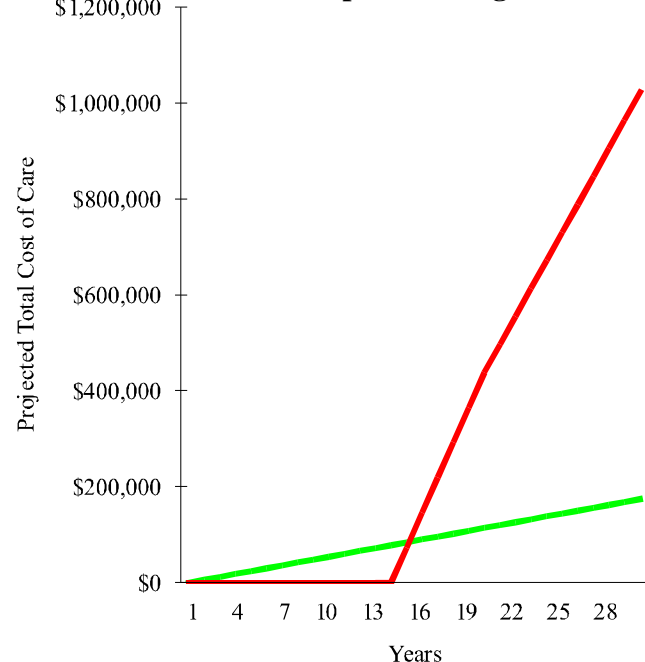
Depending on your age, a delay in arranging a Long-term care policy can mean substantially higher premiums. This graph illustrates the cost of waiting to purchase a Long-term care policy.

A Long-term care policy can stabilize and moderate the potentially damaging costs of nursing home care. This graph displays potential cost differential and value of having a Long-term insurance plan in place.

Cumulative Cost of Waiting to Purchase



Economic Impact of Long-Term Care



— Total Cost Without Insurance
 — Total Cost With Insurance

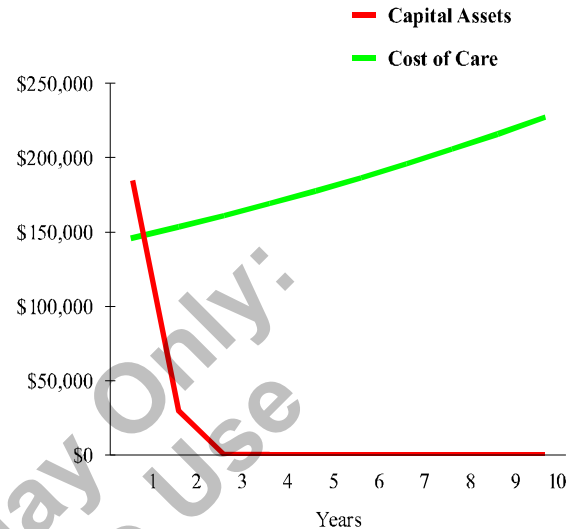
Long-Term Care Unprotected Need

This future long-term care needs chart displays the annual future amount of long-term care needed vs. your assets available. Total Long-Term Care Need is based upon average care requirements. Assets to Liquidate are your non-qualified working assets. Your Unprotected Need is \$781,738 based upon these estimates.

Potential Asset Value Erosion

Long-Term Care Need Calculation

Total Long-Term Care	\$806,738
Assets to Liquidate:	\$25,000
Unprotected Need:	\$781,738



Favorable income tax treatment is available for policies meeting certain requirements. In those cases, premiums, with certain limitations, may be deducted as medical expenses for those who itemize their deductions.

Alternative Options to Long-Term Care Insurance

Self-Insurance

This alternative to purchasing LTC insurance is using your existing investments to pay for long-term care if needed. This would be appropriate if sufficient assets are available and the potential loss of those assets to heirs is acceptable. Of course this means that you are willing to liquidate your assets, and if you don't have sufficient funds, you transfer the financial burden to your loved ones. While this alternative may be more flexible, the LTC insurance would be more beneficial if the coverage is eventually needed.

Qualify for Medicaid

Medicaid was enacted to provide health care services for the impoverished. Recent legislation has made it extremely difficult for a person of modest means to qualify for Medicaid benefits by gifting or otherwise disposing of personal assets for less than fair market value.

Summary

Be aware that the potential loss of financial assets to pay for long-term care costs is due to increasing life expectancies and advances in medical treatment for the elderly. This presents a risk to your lifetime savings and financial future. LTC insurance is available at varying levels of coverage and corresponding premiums to meet these risks. LTC insurance can allow you to maintain your desired level of independence and preserve personal assets. However, premium costs will be a significant factor in your decision. Consider discussing your LTC insurance needs and options with an insurance specialist who can explain specific policy details. Fully understanding available options can help you find the best choice for you and your family's future.

Estate Planning

While a very complex topic, estate planning is a critical component of any well developed financial plan. To be effective, this planning needs to be carefully coordinated with the other areas of planning such as Insurance, Retirement, Investments, etc. The primary goal of this section is to highlight estate planning concepts, and help illustrate potential benefits of implementing basic estate planning techniques available today.

Estate Tax

Minimizing estate tax exposure is generally a primary goal of most clients. History is full of examples of estates decimated by unnecessary estate taxes and expenses. We will provide you with an analysis of your current situation and illustrate methods which may help minimize your current and future estate tax exposure. Some of the basic planning techniques we will consider are the use of:

- Unlimited Marital Deduction
- Maximizing use of the Applicable Exclusion Amount
- Unlimited Charitable Deductions
- Annual Gift Exclusion
- Revocable Living Trusts
- Irrevocable Life Insurance Trusts

Other Financial Goals

Other financial goals to consider in your planning are:

- Estate liquidity
- Managing probate, administrative and other expenses
- Minimizing Income Tax

Non-Financial Goals

The non-financial aspects of estate planning are just as important as the various financial goals described above. They will often be of a very personal nature and should be customized to fit into your overall plan. Generally, this can be accomplished by discussing these goals noted above. We will be able to point out only general concepts in this report. However, some of the nonfinancial goals for you to consider are:

- Caring for dependents or minor children
- Distribution of property to heirs
- Maintaining control over assets
- Lifetime planning issues such as incapacity and health care powers

Summary

Protecting your estate requires careful planning. The diverse skills required to coordinate a plan might require a team approach consisting of your financial planner, attorney, insurance specialist, accountant and investment advisor. The illustrations provided here are intended as tools to help you and your team make informed decisions. In addition, your situation will most likely change with time. Therefore, you will need to monitor your estate planning situation periodically and make amendments as required.

This report is a hypothetical illustration and does not constitute legal or tax advice. You should always obtain legal counsel and professional tax advice before taking action affecting your estate planning.

Your Current Situation

The illustrations in this report are based on information that you provided. Before reviewing the estate illustrations or investigating any of the alternatives that follow, please verify the following data and assumptions for accuracy and completeness.

Basic Data

	<u>John</u>	<u>Mary</u>
Age	48	46
Age at Death for this Illustration	48	46

General Assumptions

Administrative & probate expenses as a percentage of estate assets:	4.00%
Estimated final expenses:	\$7,500

Existing Estate Planning

Will	No	No
Revocable Living Trust	No	No
Marital Trust Provisions	No	No
Credit Shelter Trust Provisions	No	No
QTIP Trust Provisions	No	No
Generation Skip Trust Provisions	No	No
Irrevocable Life Insurance Trust	No	No
Durable General Power of Attorney	No	No
Durable Health Care Power of Attorney	No	No
Living Will	No	No
Existing percentage of Estate in Living Trust	0%	0%

Previous Gifting Detail

Previous Taxable Gifts	\$0	\$0
Previous Gift Taxes Paid	\$0	\$0

Current Estate Summary

- John's gross estate consists of \$504,500 and Mary's consists of \$188,500.
- Potential federal estate taxes currently range from \$0 to \$0.
- Administrative, probate, and final expenses could total from \$55,146 to \$67,281.
- Additional planning could save up to \$48,817 in estate taxes and other costs.

Estate Net Worth Statement

John and Mary Sample

ASSETS

	<u>John</u>	<u>Mary</u>	<u>Joint/ Community</u>	<u>Total</u>
Savings and Investments				
Money market accounts/funds			\$20,000	\$20,000
Annuities	30,000			30,000
Municipal bonds and funds			10,000	10,000
Stock mutual funds			5,000	5,000
	\$30,000	\$0	\$35,000	\$65,000
Retirement Accounts				
Qualified Plans-John	\$100,000			\$100,000
IRA Assets-Mary		14,000		14,000
Roth IRA Assets-John	2,000			2,000
Roth IRA Assets-Mary		2,000		2,000
	\$102,000	\$16,000	\$0	\$118,000
Other Assets				
Residence			\$200,000	\$200,000
Personal property			20,000	20,000
Auto			30,000	30,000
	\$0	\$0	\$250,000	\$250,000
TOTAL ASSETS	\$132,000	\$16,000	\$285,000	\$433,000

LIABILITIES

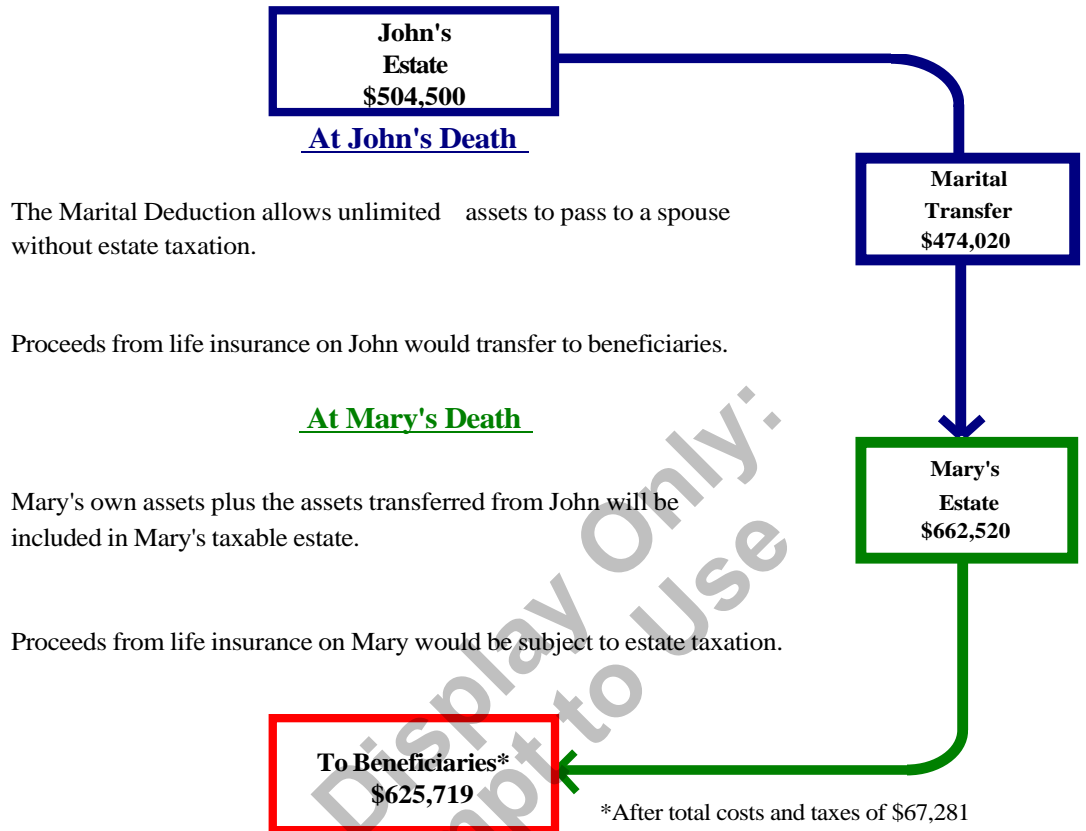
Residence mortgage			\$120,000	\$120,000
Auto Loans			15,000	15,000
Credit Cards			5,000	5,000
TOTAL LIABILITIES	\$0	\$0	\$140,000	\$140,000
NET WORTH	\$132,000	\$16,000	\$145,000	\$293,000

ADJUSTMENTS

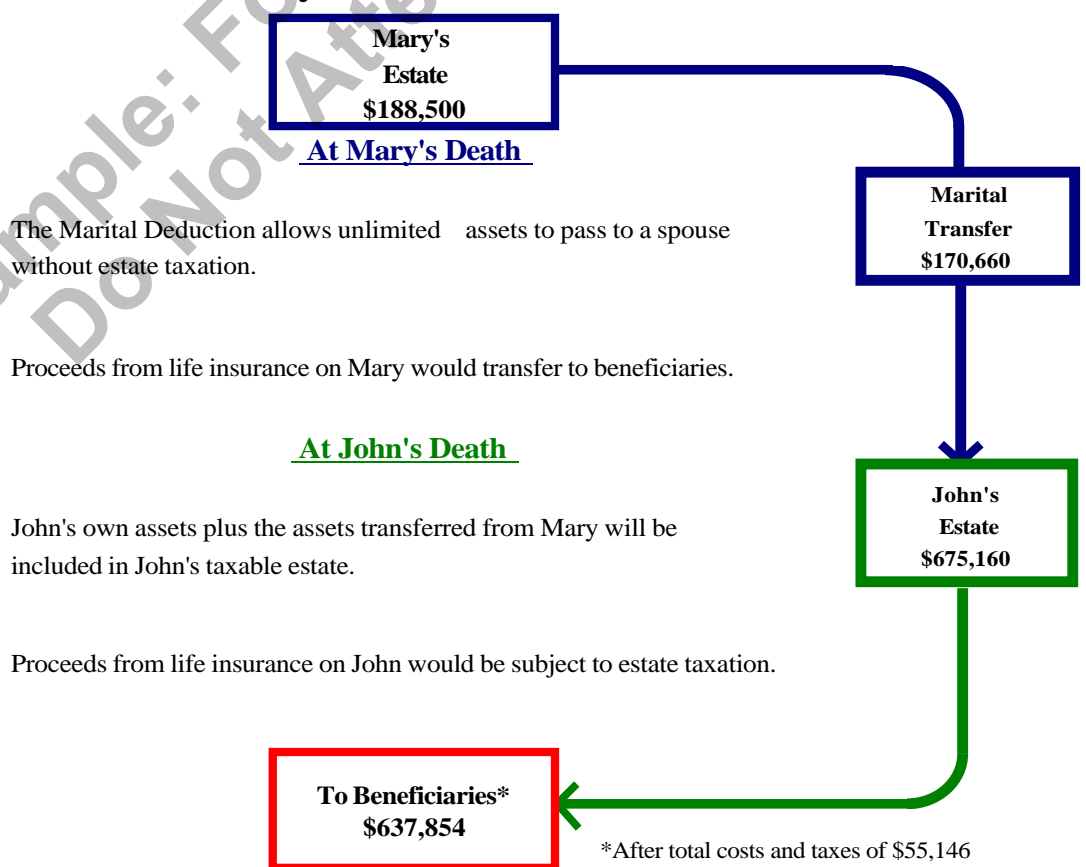
Life insurance in estate	\$300,000	\$100,000		
Estate share of joint property	72,500	72,500		
ESTATE NET WORTH	\$504,500	\$188,500		

Current Situation - Flowchart

John Predeceases Mary



Mary Predeceases John



Current Situation - Estimate

John Predeceases Mary

Estate	John's Death	Mary's Death
Separate property	\$30,000	\$0
50% of jointly owned & community property	\$142,500	\$142,500
Retirement accounts	102,000	16,000
Life Insurance	300,000	100,000
Debt	(70,000)	(70,000)
Marital Transfer		474,020
	<u>\$504,500</u>	<u>\$662,520</u>
Deductions and Expenses		
Marital Transfer	(\$474,020)	
Administrative, Probate and Final expenses	(30,480)	(36,801)
	<u>(\$504,500)</u>	<u>(\$36,801)</u>
Federal Taxable Estate	<u>\$0</u>	<u>\$625,719</u>
Federal Estate Tax		
Federal Estate Tax	(\$0)	(\$202,316)
Applicable Credit Amount	0	202,316
Federal Estate Tax	<u>\$0</u>	<u>\$0</u>

Mary Predeceases John

Estate	Mary's Death	John's Death
Separate property	\$0	\$30,000
50% of jointly owned & community property	142,500	142,500
Retirement accounts	16,000	102,000
Life Insurance	100,000	300,000
Debt	(70,000)	(70,000)
Marital Transfer		170,660
	<u>\$188,500</u>	<u>\$675,160</u>
Deductions and Expenses		
Marital Transfer	(\$170,660)	
Administrative, Probate & Final expenses	(17,840)	(37,306)
	<u>(\$188,500)</u>	<u>(\$37,306)</u>
Federal Taxable Estate	<u>\$0</u>	<u>\$637,854</u>
Federal Estate Tax		
Federal Estate Tax	\$0	(\$206,806)
Applicable Credit Amount	0	206,806
Federal Estate Tax	<u>\$0</u>	<u>\$0</u>

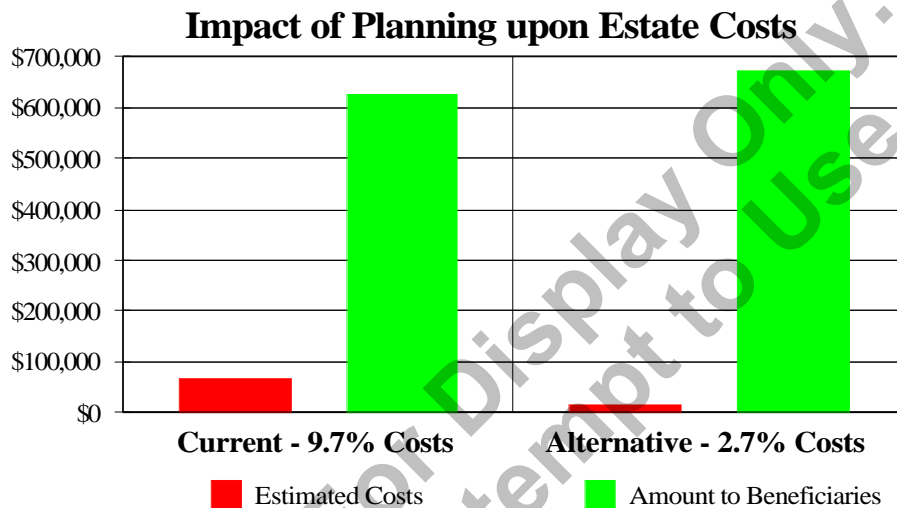
Your Alternate Estate Planning Structure

Summary of Alternative Estate Results

This report reviews and compares the cumulative impact of some potential estate planning alternatives upon your estate. The Alternative Flowchart diagram which follows this page helps illustrate how the improved estate structure reduces the amount of your estate exposed to estate taxes. In your specific case, you may be able to reduce your estate costs and taxes by up to 72%. These savings directly translate into additional assets available for beneficiaries.

Currently, your combined total estate is estimated to be \$693,000. Using estimated estate settlement costs of \$67,281, you would pass approximately \$625,719 to your beneficiaries.

With proper implementation of potential alternative estate structures, your current estimated estate settlement costs may be reduced to approximately \$18,464. This would allow you to save \$48,817 in taxes and expenses, transferring \$674,536 to your beneficiaries.



Alternative Wills and Trusts

By implementing potential alternative estate strategies, you may significantly increase the assets passing to your beneficiaries at death and reduce your estimated estate settlement costs.

Your current estate documents:

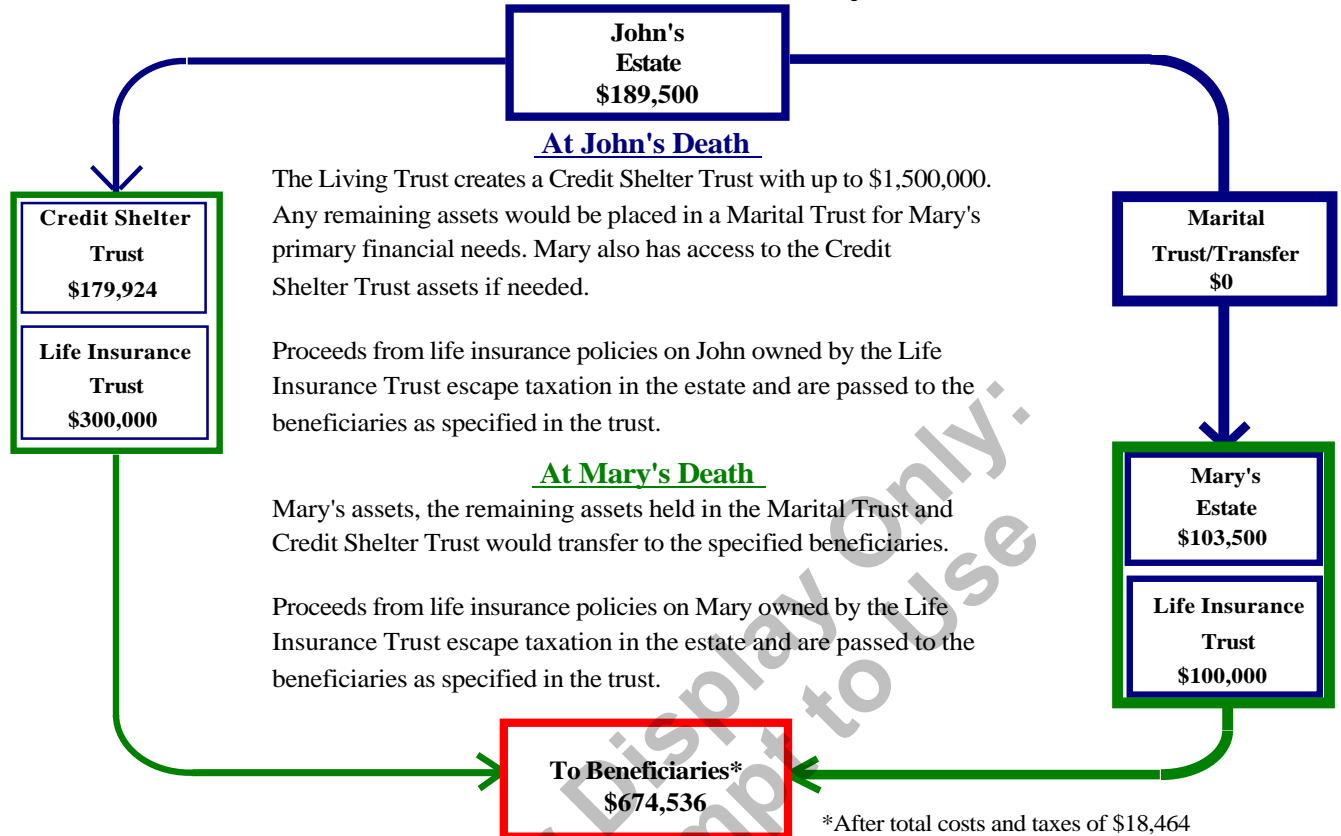
- None

Suggested additional/alternative estate documents:

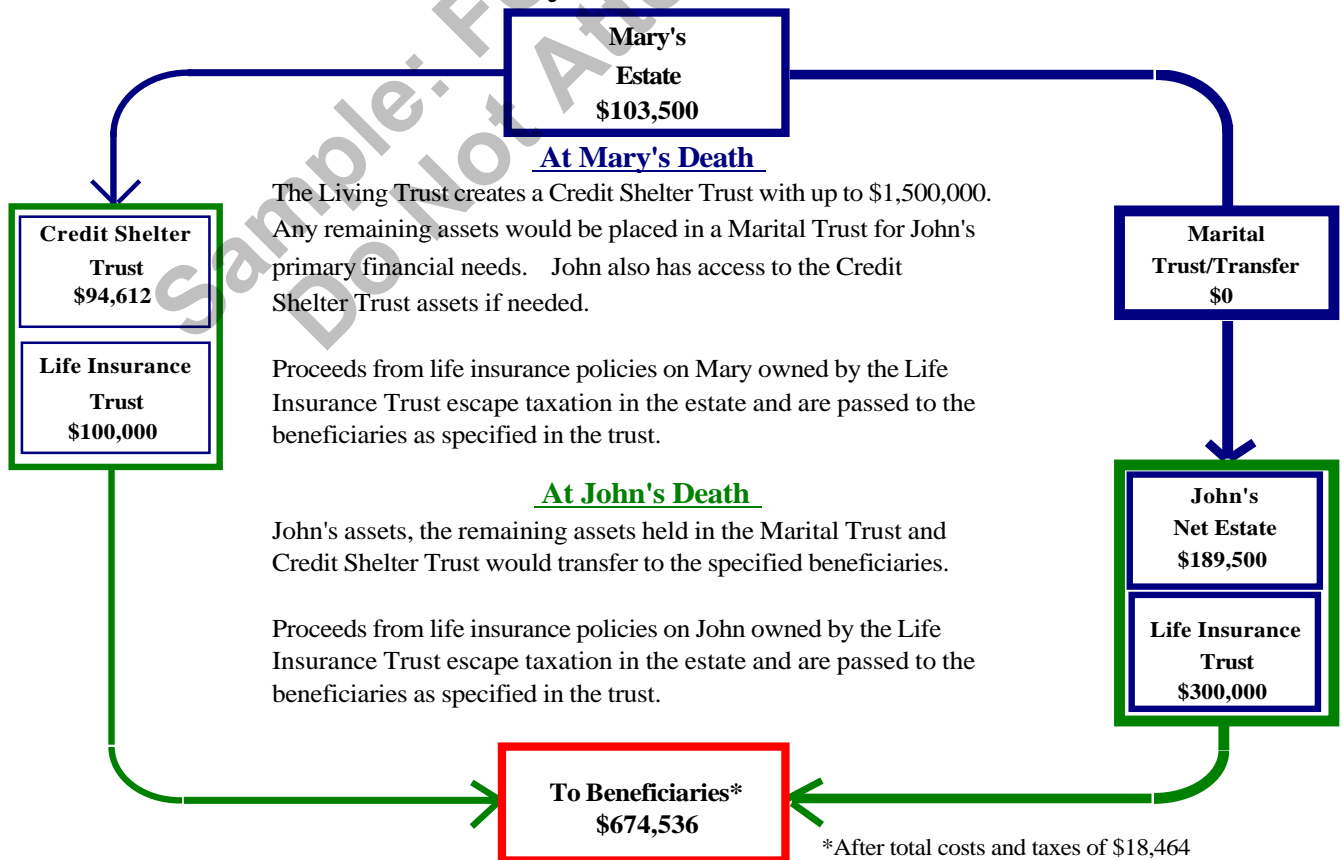
- A Will for each spouse if necessary
- Revised asset ownership to balance property if necessary
- A Revocable Living Trust for each spouse
- Fund the Revocable Living Trusts
- Credit Shelter Trust provisions
- Marital Trust provisions
- Irrevocable Life Insurance Trusts
- Durable General Powers of Attorney
- Durable Health Care Powers of Attorney
- Living Wills

Alternative Situation - Flowchart

John Predeceases Mary



Mary Predeceases John



Alternative Situation - Estimate

John Predeceases Mary

Estate	John's Death	Mary's Death
Separate property (assets balanced)	\$157,500	\$157,500
Retirement accounts	102,000	16,000
Life Insurance	0	0
Debt	(70,000)	(70,000)
Marital Transfer	0	0
	\$189,500	\$103,500
Deductions and Expenses		
Marital Transfer	0	
Administrative, Probate & Final expenses	(9,576)	(8,888)
	(9,576)	(8,888)
Federal Taxable Estate	\$179,924	\$94,612
Federal Estate Tax		
Federal Estate Tax	(\$48,376)	(\$22,291)
Applicable Credit Amount	48,376	22,291
Federal Estate Tax	\$0	\$0

Mary Predeceases John

Estate	Mary's Death	John's Death
Separate property (assets balanced)	\$157,500	\$157,500
Retirement accounts	16,000	102,000
Life Insurance	0	0
Debt	(70,000)	(70,000)
Marital Transfer	0	0
	\$103,500	\$189,500
Deductions and Expenses		
Marital Transfer	0	
Administrative, Probate & Final expenses	(8,888)	(9,576)
	(8,888)	(9,576)
Federal Taxable Estate	\$94,612	\$179,924
Federal Estate Tax		
Federal Estate Tax	(\$22,291)	(\$48,376)
Applicable Credit Amount	22,291	48,376
Federal Estate Tax	\$0	\$0

Estate Tax Estimate

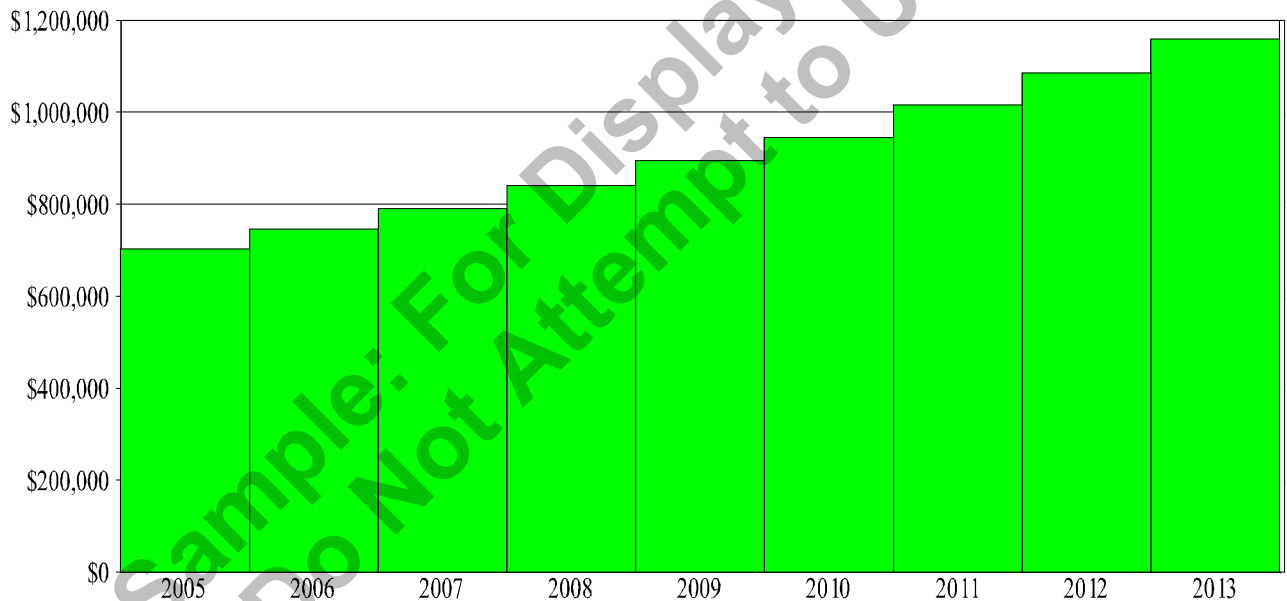
EGTRRA 2001

In June 2001, The Economic Growth and Tax Relief Reconciliation Act of 2001 was signed into law. One feature of the new law is to completely phase out estate taxes by 2010. This will be done by increasing estate tax exemptions and decreasing estate tax rates each year. In 2010, inherited property will no longer receive a step-up in basis as is done now, exposing those assets to potentially large capital gains when sold. In addition, Gift Tax rules have been changed. Congress must decide by 2011 if these changes will be permanent or revert back to previous law. We have shown your estate tax exposure in 2011 in terms of the previous law.

An Estimate of Your Estate Tax Exposure Using Suggested Planning

We have taken information provided about your current estate net worth to estimate your estate tax exposure under the new law over the next several years. We make some general assumptions regarding the growth of assets. Also, as previously suggested in this analysis, we assume that each individual has funded a credit shelter trust utilizing the applicable exclusion amounts available to them (currently \$1,500,000 per person in 2005). We also assume that any life insurance benefits are kept out of the taxable estate. The graph below shows your estimated estate tax exposure (red) and your estate remainder after taxes (green) at each year end. Keep in mind that the status of estate tax law is uncertain beyond year 2010.

Estimated Estate Growth vs. Federal Estate Tax



Year End	Retirement Capital	Other Assets	Debts & Expenses	Adjustments*	Estate Tax Base	Exclusion Amounts	Estimated Estate Tax
2005	\$214,593	\$650,000	(\$161,357)	\$0	\$703,236	\$3,000,000	\$0
2006	249,359	657,500	(161,695)	0	745,164	4,000,000	0
2007	287,585	665,225	(162,062)	0	790,748	4,000,000	0
2008	329,585	673,182	(162,462)	0	840,304	4,000,000	0
2009	375,701	681,377	(162,897)	0	894,181	7,000,000	0
2010	426,301	689,819	(171,186)	0	944,933	0	0
2011	481,788	698,513	(164,156)	0	1,016,145	2,000,000	0
2012	542,601	707,468	(165,210)	0	1,084,859	2,000,000	0
2013	609,218	716,693	(166,355)	0	1,159,555	2,000,000	0
2014	655,183	726,193	(167,171)	0	1,214,205	2,000,000	0

*Adjustments include charitable deductions or previous taxable gifts that have been included in your estate plan analysis.

Education Funding Illustration

John and Mary Sample

Assuming an inflation rate of 6%, the total estimated cost of education will be \$176,820.

If you can invest your education funds at 6%* after taxes you may ...

-Make a single deposit now in the amount of ...	\$99,998
-Make level annual payments in the amount of...	\$11,962
-Make level monthly payments in the amount of...	\$997

* This hypothetical rate of return is for illustrative purposes and does not represent a particular investment.

Student Name	Starting year	Number of years	Per year in today's \$	Total cost at 6% inf.	Current college funds saved	529 Plan	One time deposit	Annual deposits
Janie	2009	4	\$15,000	\$78,153	\$20,000	No	\$39,999	\$6,760
John	2013	4	15,000	98,667			59,999	7,177

\$176,820 \$20,000 \$99,998 \$13,937**

The following schedule demonstrates the option of making level annual payments until the last year of education expenses. Any current funds saved will be utilized as educational expenses are incurred.

Annual Breakdown of Educational Funding

Year	Additions to fund	Paid to school from fund	Ending Balance at 6%*
2006	\$11,962		\$33,879
2007	11,962		48,591
2008	11,962		64,186
2009	11,962	17,865	61,779
2010	11,962	18,937	58,092
2011	11,962	20,073	52,980
2012	11,962	21,278	46,283
2013	11,962	22,554	37,832
2014	11,962	23,908	27,438
2015	11,962	25,342	14,901
2016	11,962	26,863	0

** Annual deposit total shown may be higher than the level payment amount, but decreases as each student graduates.